NIAGARA REGION

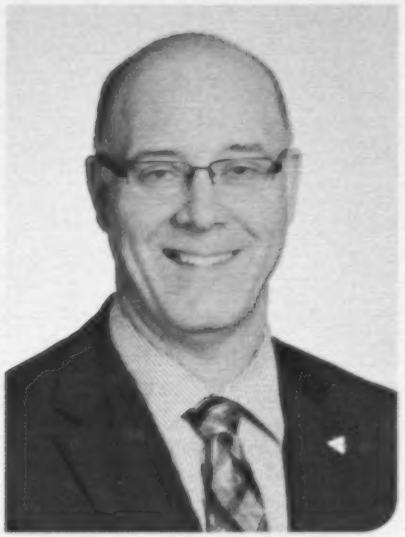
Quarterly Financial Update

June 2012

Niagara Region

TABLE OF CONTENTS

Message from the Treasurer	4
Consolidated Funding Surplus Review	5
Consolidated Statement of Operations	6
Departmental Statement of Operations	8
Reserve Summary	33
Deferred Revenue Summary	36
Capital Project Summary	37
Capital Project Detail	38
Capital Project Negative Budget Variances	42
Investment Summary	43
Budget Adjustment Summary	44
Explanation of Statement of Operations	45



Brian Hutchings, B Comm, CGA
Commissioner, Corporate Services
Treasurer, Niagara Region

On behalf of the Niagara Region, I am pleased to provide you with this mid-year financial update.

On the financial front, the first half of the year brought some significant achievements towards strengthening Niagara Region's governance and financial sustainability. Standard & Poor's reiterated Niagara Region's AA (stable) debt rating, Council approved a new budget guidance policy and Development Charge by-law, and the Audit Committee established a new compliance analyst role.

As at June 30, 2012 Niagara Region is forecasting a year end funding surplus of $7.3 million ($1.6 million related to the levy programs and $5.7 million related to rate programs). This surplus represents 0.9 per cent of Niagara Region's 2012 operating budget. This surplus is being generated mainly from reduced winter control costs, higher investment income and higher water volumes as a result of the dry summer.

Affordability and sustainability are two key elements of Niagara Region's budget strategy. Achieving a balance between providing the programs and services residents have come to rely upon, ensuring they can afford to pay for them and ensuring that we have money to fund future infrastructure and program needs is critical. We would appreciate your feedback at www.niagararegion.ca.

We hope you will find the information provided in this report of interest and welcome any suggestions for its improvement going forward.

Readers of this mid-year financial update are cautioned that actual operating results may vary from the forecast information presented. Certain assumptions and estimates are required to forecast results. The assumptions and estimates made have been done so with information available to management at the time of writing this mid-year financial update.

Consolidated Funding Surplus Review

Description	Levy	Water & Wastewater	Waste Management	Total
Operating Funding Surplus				
Regional Departments	$ 387,480	$ 4,873,876	$ 876,650	$ 6,138,006
General Governement & Special/Joint Initiatives	1,161,169	$ -	$ -	1,161,169
Boards and Agencies	14,907	-	-	14,907
Operating Funding Surplus	$ 1,563,556	$ 4,873,876	$ 876,650	$ 7,314,082

Comments:

The Niagara Region is forecasting a funding surplus in 2012. The sources of this forecasted funding surplus are summarized above. Levy supported Regional departments are forecasting a consolidated funding surplus of $387,480 which represents 0.1 percent of the budgeted gross expenditures for departments. This forecast was derived using assumptions and estimates based on information available to management at the time of writing this quarterly financial update. Readers of this mid-year financial update are cautioned that actual operating results may vary from the forecast information presented.

Levy supported funding surplus will be in accordance with the Council approved Surplus/Deficit Policy. All surpluses will be allocated to those areas that have been identified at risk of being underfunded and unfunded along with other one time project funding needs as recommended by Council. Areas for consideration when recommending surplus allocation, to Council, are as follows:

- Contingency Reserve
- Self Insurance Reserve
- Capital Levy Reserve
- Tax Write-Off Stabilization Reserve
- Employee Future Benefits Reserve
- One time funding needs (i.e. Council Initiatives, Social Assistance Reserve, etc).

Forecasted funding surpluses of $4.9 million for water and wastewater and $0.9 million for waste management have been incorporated into the long term financing plans for the water and wastewater and waste management programs.

Consolidated - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 330,845,653	$ 164,189,919	$ 165,979,599	$ (1,789,680)	$ 165,970,084	$ 331,949,683	$ (1,104,030)
Administrative Expenses	7,937,630	3,755,644	3,457,140	298,504	4,402,093	7,859,233	78,397
Materials, Supplies & Utilities	47,185,715	23,403,671	21,208,766	2,194,905	24,809,274	46,018,040	1,167,675
Repairs & Maintenance	18,403,244	8,967,222	7,871,775	1,095,447	9,798,888	17,670,663	732,581
Purch. Serv. & Other Operating Exp.	124,700,785	61,850,789	57,237,145	4,613,644	67,367,213	124,604,358	96,427
Social Assistance	100,419,217	50,209,512	46,973,571	3,235,941	51,701,210	98,674,781	1,744,436
Financial Expenditures	58,265,810	26,945,005	41,737,130	(14,792,125)	32,060,984	73,798,114	(15,532,304)
Capital Equipment & Renovations	2,034,587	963,199	1,147,575	(184,376)	1,432,740	2,580,315	(545,728)
NRH Housing Provider Subsidy & Supplemen	26,618,221	13,309,092	16,571,110	(3,262,018)	10,252,546	26,823,656	(205,435)
Transfers to Reserves & Reserve Funds	67,965,373	44,428,545	45,872,183	(1,443,638)	24,636,828	70,509,011	(2,543,638)
Allocations to Capital Program	(1,760,027)	(879,996)	(586,429)	(293,567)	(1,004,046)	(1,590,475)	(169,552)
Debt Allocation	-	-	-	-	-	-	-
Interfunctional Charges/Recoveries	-	-	2,331	(2,331)	-	2,331	(2,331)
Total Gross Expenditure	**782,616,208**	**397,142,602**	**407,471,896**	**(10,329,294)**	**391,427,814**	**798,899,710**	**(16,283,502)**
Revenue							
Taxation - Levy	(311,499,180)	(141,414,512)	(141,554,680)	140,168	(169,944,499)	(311,499,179)	(1)
Taxation - Rate	(139,069,794)	(68,953,264)	(68,676,396)	(276,868)	(71,228,271)	(139,904,667)	834,873
Ontario/Canada Grants	(226,993,570)	(112,202,490)	(114,435,185)	2,232,695	(113,695,021)	(228,130,206)	1,136,636
Fees & Service Charges	(35,481,075)	(17,540,805)	(17,996,065)	455,260	(18,183,546)	(36,179,611)	698,536
Other Revenue	(60,364,560)	(30,527,167)	(32,860,963)	2,333,796	(29,261,326)	(62,122,289)	1,757,729
Transfers from Reserves & Reserve Funds	(9,208,029)	(7,476,979)	(26,228,242)	18,751,263	(2,149,598)	(28,377,840)	19,169,811
Total Revenue	**(782,616,208)**	**(378,115,217)**	**(401,751,531)**	**23,636,314**	**(404,462,261)**	**(806,213,792)**	**23,597,584**
Net Expenditure/(Revenue)	**$ -**	**$ 19,027,385**	**$ 5,720,365**	**$ 13,307,020**	**$ (13,034,447)**	**$ (7,314,082)**	**$ 7,314,082**

Consolidated - Statement of Operations (cont'd)

Variance Analysis

The Region is forecasting a year end funding surplus. The majority of this funding surplus is being generated by:

- Increased net investment income of $0.67 million (includes the $2.0 million transfer to reserves for the interest allocation to reserves and $0.56 million transfer to investment income stabilization reserve).
- From the department side, Public Works is forecasting a surplus of $1.3 million primarily due to favourable winter conditions experienced in early 2012; this is being offset by various departments including Community Services which is forecasting a $0.8 million deficit (see commentary in the department specific pages of this booklet).
- Increased Waste Management Services surplus of $0.9 million due primarily to a volatile recyclables market resulting in lower payments to Waterloo and Haldimond under existing contracts.
- Increased net Water and Wastewater Services surplus of $4.9 million primarily due to a relatively dry year which has yielded higher than projected water sales and a reduction in wastewater flows at Regional plants.

The $1.1 million in unfavourable personnel costs is mainly being driven by:

- Niagara Region Police Services (NRPS) personnel costs are over budget by $0.25 million primarily due to additional retirement and sick leave payouts.
- Community Services personnel costs are over budget by $0.7 million in relation to payroll related costs and overtime for Seniors Services. This varience is offset by increased revenue in union billings and increased revenues from resident fees.
- Public Health personnel costs are over budget by $0.2 million but offset by increased revenue from 100% Ministry funded programs.
- Integrated Community Planning personnel costs are over budget by $0.3 million but offset by other favourable expenditure variances.

Unfavourable financial expenditures are being driven by an unbudgeted but planned and approved special initiative contribution payment to the Niagara Health Systems Cancer Centre ($15.4 million). This is offset by a favourable variance in transfers from reserves further explained below. As per report CSD 146-2011, the Cancer Centre contribution which was originally expected to occur at a rate of $1 million per year for 30 years was fully paid in 2012 at the present value dollar amount. This payment was internally financed from reserves and expensed to the the operating fund.

Favourable transfers from reserves of $19.2 million are mainly being driven by:

- Full payout of Cancer Centre contribution ($15.4 million) and impact of internally financing this contribution ($0.5 million) per report CSD 146-2011.
- Transferring 2011 encumbrances ($2.7 million) to be used by departments in 2012 per report CSD 29-2012.
- Use of investment income stabilization reserve ($0.7 million) per report CSD 77-2012.
- NRPS forecasted transfers from reserve to offset increased expenditures ($0.6 million). Approval of amount and which reserves will be utilized will take place at year end.
- Transfers to support various Public Health programs ($0.3 million) per the 2011 year end transfer report CSD 35-2012.

In addition, departments are currently forecasting to return approximately $1.0 million of planned transfers from reserves as they are not expected to be needed. Final amounts will be presented to Council for approval through the year end transfer report.

Corporate Administration - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,982,514	$ 993,827	$ 973,151	$ 20,676	$ 1,002,461	$ 1,975,612	$ 6,902
Administrative Expenses	177,865	92,518	135,968	(43,450)	88,725	224,693	(46,828)
Materials, Supplies & Utilities	36,775	18,183	13,161	5,022	19,807	32,968	3,807
Repairs & Maintenance	200	96	-	96	200	200	-
Purch. Serv. & Other Operating Exp.	150,650	77,820	27,421	50,399	41,971	69,392	81,258
Capital Equipment & Renovations	2,295	1,134	85	1,049	3,380	3,465	(1,170)
Interfunctional Operating Charges	11,080	5,538	8,806	(3,268)	5,542	14,348	(3,268)
Total Gross Expenditure	**2,361,379**	**1,189,116**	**1,158,592**	**30,524**	**1,162,086**	**2,320,678**	**40,701**
Revenue							
Other Revenue	(35,125)	(17,562)	(38,310)	20,748	(6,940)	(45,250)	10,125
Total Revenue	**(35,125)**	**(17,562)**	**(38,310)**	**20,748**	**(6,940)**	**(45,250)**	**10,125**
Net Expenditure/(Revenue)	**$ 2,326,254**	**$ 1,171,554**	**$ 1,120,282**	**$ 51,272**	**$ 1,155,146**	**$ 2,275,428**	**$ 50,826**

Corporate Administration - Statement of Operations (cont'd)

Community Impacts & Achievements

The Corporate Administration (Council, Offices of the Regional Chair and Chief Administrative Officer) budget is 85 percent personnel cost driven. This team provides overall political leadership, governance, policy direction and corporate management to the Corporation.

Major Priorities / Initiatives include:

- Implementing Council's 2012 -2015 Business Plan that aims to improve services and reduce costs, improve Niagara's economy, governance and community services
- Reviewing the Region's various programs and service delivery areas for improved effectiveness and greater efficiency including development of clear and meaningful performance measures
- Delivering effective government and stakeholder relations to leverage partnerships and secure provincial and federal government support for Niagara's needs and priorities

Major 2012 Deliverables include:

- Piloting an inter-municipal transit program
- Established a "Responsive Region Improvement Team" to lead a series of program reviews to enhance service to residents, find process improvements and achieve measurable savings to Niagara taxpayers
-Led another successful "Niagara Week" government relations event at Queen's Park to educate the provincial government on the needs of Niagara and secure their support for our priorities
- Transitioned Niagara's Economic Development function to a new model that leverages related collective efforts in Niagara, improves business retention and expansion services and provides one window service to potential new businesses to Niagara
- Developing a government relations strategy involving more targeted, coordinated approach to upper levels of government
- Developed a new Performance Measurement Framework to track Corporation efficiency and effectiveness in each of our departments
- Branded Niagara as the "Green Capital of Canada" to recognize our leadership in the promotion and production of renewable and environmentally friendly energy
- Commenced a Governance Review to determine whether changes to the structure, composition and functioning of Regional Council can improve decision making toward an improved economy in Niagara
- Developed a new Community Improvement Plan to encourage new development within the Gateway Economic Zone and Center

Variance Analysis

As a result of a decidedly new direction to have Niagara Week undertaken in-house (previously contracted to a government relations firm), along with more reliance on staff to produce special projects (need for consultancy work decreased through the Chair's Office, although a revised government relations strategy is to be enacted in 2013), a positive variance has resulted. Savings achieved through both benefits and other unrelated operating expenses have also offset increases in mileage and conference expenditures incurred by Regional Council.

Corporate Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 16,642,310	$ 8,323,630	$ 8,146,155	$ 177,475	$ 8,470,477	$ 16,616,632	$ 25,678
Administrative Expenses	390,658	197,756	189,060	8,696	170,140	359,200	31,458
Materials, Supplies & Utilities	2,013,895	1,006,626	831,739	174,887	1,067,299	1,899,038	114,857
Repairs & Maintenance	2,100,654	1,050,204	1,059,974	(9,770)	1,073,000	2,132,974	(32,320)
Purch. Serv. & Other Operating Exp.	6,772,808	3,365,012	4,024,904	(659,892)	4,032,540	8,057,444	(1,284,636)
Financial Expenditures	216,619	108,300	98,186	10,114	116,723	214,909	1,710
Capital Equipment & Renovations	21,310	10,632	15,887	(5,255)	8,838	24,725	(3,415)
Transfers to Reserves & Reserve Funds	112,079	56,034	56,034	-	56,045	112,079	-
Allocations to Capital Program	(223,010)	(111,498)	(23,265)	(88,233)	(3,604)	(26,869)	(196,141)
Interfunctional Charges/Recoveries	(12,950,524)	(6,474,817)	(6,546,797)	71,980	(6,979,696)	(13,526,493)	575,969
Total Gross Expenditure	**15,096,799**	**7,531,879**	**7,851,877**	**(319,998)**	**8,011,762**	**15,863,639**	**(766,840)**
Revenue							
Ontario/Canada Grants	(12,500)	-	-	-	(12,500)	(12,500)	-
Fees & Service Charges	(154,000)	(76,998)	(19,582)	(57,416)	(85,550)	(105,132)	(48,868)
Other Revenue	(677,464)	(338,694)	(507,253)	168,559	(190,585)	(697,838)	20,374
Transfers from Reserves & Reserve Funds	(236,900)	(118,440)	(611,535)	493,095	(205,958)	(817,493)	580,593
Total Revenue	**(1,080,864)**	**(534,132)**	**(1,138,370)**	**604,238**	**(494,593)**	**(1,632,963)**	**552,099**
Net Expenditure/(Revenue)	**$ 14,015,935**	**$ 6,997,747**	**$ 6,713,507**	**$ 284,240**	**$ 7,517,169**	**$ 14,230,676**	**$ (214,741)**

Corporate Services - Statement of Operations (cont'd)

Community Impacts & Achievements

There have been a number of significant projects and initiatives undertaken in Corporate Services in the first and second quarter of 2012. These include the following:

- Departmental strategic plan for 2012 – 2015 completed and presented to council.
- Change to internal cost allocations policies (effective 2013); for simplicity and consistency for clients.
- Performance measures rolled out in the second quarter.
- Continuing with POA facilities review; legal support for a number of files, including: Broadoak Housing project; Fort Erie Speedway; OMB hearing and the transition of corporate records storage.
- Moving forward with new financial management system for the corporation – Enterprise Resource Planning (ERP) currently in needs assessment stage.
- Request for Proposals (RFP) to review emergency dispatch services in Niagara began in the first quarter, with work ongoing.
- State of the infrastructure report for facilities presented to council.
- IT Solutions completed 22 separate projects, yet added an additional 25 projects for our client groups across the corporation. Completed projects include: Google Transit; online childcare wait-list; electronic medical records; online registration for prenatal classes; and a significant corporate-wide identification of critical IT systems for business continuity purposes (ensure that those programs are backed-up corporately).
- Private and public sector salary market review completed.
- NRPS facilities – combined NRPS/EMS facility in Fort Erie completed in first half of 2012.
- Continued work on design plans for new data centre and renovations to Council chambers.
- 5,301 IT service requests in the second quarter, a slight increase over IT service requests in the second quarter of 2011.
- Attendance management and leaves process going live for end of October – early pilot results identifying medical return compliance is up from 36 percent to 100 percent.
- Labour relations – freely negotiated four of seven collective agreements; of three remaining agreements, one is awaiting arbitration, with other two bargaining in the fall.
- Launched leadership continuity program across corporation at Commissioner/Director level; a number of areas implementing for manager roles in 2012.

Variance Analysis

Corporate Services has a year-to-date surplus of $284,240, and is currently forecasting a year-end deficit of $214,741. To date, favourable variances have occurred in personnel costs with gapping dollars resulting from a number of delays in filling vacancies and corporate reorganizations. In addition, a favourable variance in materials, supplies and utilities resulting from conservation efforts in addition to costs rising for electricity and natural gas at a lower than anticipated rate in the first half of 2012. A one-time, unbudgeted variance has occurred in other revenue, with the recovery of significant legal costs with respect to a resolved litigation.

Unfavourable variances have occurred as a result of the administration of various insurance costs, mainly the resolution of a number of legal claims on behalf of areas of the corporation. This includes the costs related to external legal assistance in a number of these cases. An unfavourable variance has occurred in consulting services, resulting from costs for the emergency dispatch review, with this offset by an unbudgeted transfer from reserves to cover those costs (CSD 153-2011). An additional transfer from reserves of $400,000 has occurred to cover costs associated with preparations for the implementation of a new financial management system (CSD 152-2011). These funds were encumbered from the 2011 budget. An additional year-end favourable variance in interfunctional operating recoveries is the result of absorbing $467,833 in one-time surplus funds from Public Health to maximize subsidy, and cover the costs of support services provided annually as part of our Service Level Agreement.

Public Works Levy - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 16,399,780	$ 8,219,141	$ 8,242,368	$ (23,227)	$ 7,895,198	$ 16,137,566	$ 262,214
Administrative Expenses	1,111,522	558,374	623,057	(64,683)	561,863	1,184,920	(73,398)
Materials, Supplies & Utilities	6,449,660	3,450,584	2,890,151	560,433	3,047,051	5,937,202	512,458
Repairs & Maintenance	265,025	132,480	100,053	32,427	118,155	218,208	46,817
Purch. Serv. & Other Operating Exp.	7,441,712	4,112,038	3,996,900	115,138	3,311,718	7,308,618	133,094
Financial Expenditures	500,000	249,996	76,100	173,896	123,900	200,000	300,000
Capital Equipment & Renovations	79,909	39,924	19,940	19,984	36,356	56,296	23,613
Transfers to Reserves & Reserve Funds	1,793,330	946,660	946,660	-	846,670	1,793,330	-
Allocations to Capital Program	(764,940)	(382,464)	(318,985)	(63,479)	(645,000)	(963,985)	199,045
Interfunctional Charges/Recoveries	(2,458,307)	(1,229,134)	(1,176,672)	(52,462)	(1,186,441)	(2,363,113)	(95,194)
Total Gross Expenditure	**30,817,691**	**16,097,599**	**15,399,572**	**698,027**	**14,109,470**	**29,509,042**	**1,308,649**
Revenue							
Ontario/Canada Grants	(233,221)	(116,610)	(116,000)	(610)	(117,221)	(233,221)	-
Fees & Service Charges	(2,520,350)	(1,060,120)	(1,075,410)	15,290	(1,670,650)	(2,746,060)	225,710
Other Revenue	(1,016,863)	(508,416)	(447,496)	(60,920)	(414,654)	(862,150)	(154,713)
Transfers from Reserves & Reserve Funds	(550,000)	(524,996)	(742,005)	217,009	274,996	(467,009)	(82,991)
Total Revenue	**(4,320,434)**	**(2,210,142)**	**(2,380,911)**	**170,769**	**(1,927,529)**	**(4,308,440)**	**(11,994)**
Net Expenditure/(Revenue)	**$ 26,497,257**	**$ 13,887,457**	**$ 13,018,661**	**$ 868,796**	**$ 12,181,941**	**$ 25,200,602**	**$ 1,296,655**

Public Works Levy - Statement of Operations (cont'd)

Community Impacts & Achievements

The Public Works Levy Divisions include Transportation Services, Development Services, and Public Works Administration. The Development Services division approves and inspects approximately 426 private systems annually and reviews over 647 development planning applications (both 2011 figures), ensuring alignment with Provincial and Regional policies, plans and regulations. Transportation Services maintains over 750 km of roads, 179 bridges and culverts, and 295 traffic signals, and provides snow removal services on Regional roads. This division also provides oversight of the Niagara Specialized Transit and Regional Transit Pilot, maintains Regional vehicles and equipment, undertakes Transportation studies and strategic planning initiatives, and delivers the Transportation-related capital program. The Public Works Administration division provides operational, strategic and financial support services in support of all of the Departmental program areas, including the Rate-related water, wastewater and waste management programs.

Key initiatives in support of the Council Business Plan that are included in the 2012 workplan for these divisions include:

- LEAN process and operational review within Development Services & Transportation (traffic signals & pavement marking)
- "Open for Business" agenda for Development Services
- Niagara Regional Transit pilot project
- Update to the Regional Transportation Strategy
- 10-year Capital Works Plan Priority Alignment
- Benchmarking initiatives
- Class Environmental Assessment (EA) for a new Highway 406 interchange between Fourth Avenue and Third Avenue
- Computerized Maintenance Management System (CMMS) for enhanced transportation operations
- iDarts Phase 2: Local Area Municipalities (LAM) roll-out & Public Works Committee (PWC) reporting of growth-related data & trends.

Variance Analysis

A $1.29 million favourable position is projected for the year for the Public Works Levy Divisions, approximately half of which can be summarized as being attributable to the favourable winter conditions experienced in early 2012, with the remainder resulting from items such as additional staff time allocated to capital projects, savings in personnel costs, and additional revenue generated based on the number of planning applications and traffic signal maintenance requests received.

The largest area of savings in the $1.3 million favourable variance for gross expenditures are the materials and supplies, which are anticipated to generate a surplus of $0.51 million by year end. These savings relate mostly to the transportation operations, where materials such as salt, sand and asphalt are expected to generate savings ($0.43 million) due in part to the light winter conditions experienced early in the year. These winter conditions also account for the savings projected for purchased services ($0.13 million), as a reduction in the amount of labour contracted from the City of St. Catharines was realized as well.

A $0.3 million favourable variance has been identified for Financial Expenditures, reflecting a lower-than-budgeted utilization of grant funding available to the local municipalities for the bike path, drainage assessment and storm sewer programs. As these programs are currently fully funded from reserve, a $0.3 million reduction in the budgeted Transfer from Reserve & Reserve Fund has also been included in the July to December forecast.

Finally, favourable variances are anticipated in personnel costs ($0.26 million, including vacancy management savings), as well as in allocations to capital programs due to additional staff time that is attributable to capital project delivery.

Fees and Service Charges are expected to generate an additional $0.25 million for the year 2012, due largely to revenues generated in Development Services for planning reviews and traffic signal maintenance revenues. These surpluses are anticipated to be partially offset by an unfavourable variance in Other Revenue ($0.15 million) due to Niagara Regional Transit (NRT) revenues, which are currently projected to total $0.46 million for the year, resulting in a $0.19 million unfavourable variance in NRT revenue when compared to the budget.

Water and Wastewater Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 20,087,702	$ 10,101,773	$ 10,039,432	$ 62,341	$ 9,852,486	$ 19,891,918	$ 195,784
Administrative Expenses	564,961	282,300	256,293	26,007	244,010	500,303	64,658
Materials, Supplies & Utilities	13,602,771	6,800,550	6,409,937	390,613	7,201,568	13,611,505	(8,734)
Repairs & Maintenance	7,430,471	3,715,032	2,960,571	754,461	3,504,766	6,465,337	965,134
Purch. Serv. & Other Operating Exp.	14,383,633	7,191,570	4,890,112	2,301,458	7,587,685	12,477,797	1,905,836
Capital Equipment & Renovations	130,455	65,160	33,523	31,637	84,000	117,523	12,932
Transfers to Reserves & Reserve Funds	39,221,873	19,760,928	19,760,928	-	19,460,945	39,221,873	-
Allocations to Capital Program	(550,892)	(275,442)	(174,037)	(101,405)	(275,442)	(449,479)	(101,413)
Debt Allocation	6,944,589	5,282,611	5,282,611	-	1,661,978	6,944,589	-
Interfunctional Charges/Recoveries	5,226,282	2,613,096	2,564,829	48,267	2,579,804	5,144,633	81,649
Total Gross Expenditure	**107,041,845**	**55,537,578**	**52,024,199**	**3,513,379**	**51,901,799**	**103,925,998**	**3,115,847**
Revenue							
Taxation - Rate	$ (105,069,066)	$ (51,953,236)	$ (51,714,560)	$ (238,676)	$ (54,189,351)	$ (105,903,911)	$ 834,845
Fees & Service Charges	(1,086,800)	(543,390)	(474,057)	(69,333)	(604,498)	(1,078,555)	(8,245)
Other Revenue	(285,979)	(142,974)	(437,607)	294,633	(146,900)	(584,507)	298,528
Transfers from Reserves & Reserve Funds	(600,000)	(300,000)	(932,902)	632,902	(300,000)	(1,232,902)	632,902
Total Revenue	**(107,041,845)**	**(52,939,600)**	**(53,559,126)**	**619,526**	**(55,240,749)**	**(108,799,875)**	**1,758,030**
Net Expenditure/(Revenue)	$ -	$ 2,597,978	$ (1,534,927)	$ 4,132,905	$ (3,338,949)	$ (4,873,876)	$ 4,873,876

Water and Wastewater Services - Statement of Operations (cont'd)

Community Impacts & Achievements

The Water Division is responsible for the treatment and distribution of 59 billion litres of water per year (2011 amount) through a total of 59 water facilities, including six water treatment plants, as well as 316 km of watermains. Similarly, the Wastewater Division treats 86 billion litres of wastewater per year (2011 amount) at 11 plants and one lagoon, with collection through 123 pump stations and 283 km of wastewater mains. In addition, these divisions are also responsible for master servicing plans, input into water and wastewater approvals, design and construction, biosolids management, laboratory services, utility locates and environmental monitoring and enforcement. Specific initiatives included in the 2012 departmental work plan are:

- An update to the Region's internal benchmarking initiative
- Undertaking key program reviews in areas such as bulk purchasing, potable water reduction, treatment process enhancements, maintenance staff redeployment opportunities, etc.
- The Water & Wastewater Municipal/Regional Fiscal Service Review
- Regional water supply risk mitigation
- Energy Conservation & Demand Management Plan Regulation compliance
- Biosolids management optimization and a review of the potential for Biogas Injection into the Natural Gas grid
- Business continuity planning
- Children's Water Festival

Variance Analysis

The $4.87 million favourable year end position for Water & Wastewater Services can be attributed at a high level to a combination of a relatively dry year which has yielded higher than projected water sales and a reduction in wastewater flows at Regional plants, unexpended funds from the provision made annually for emergency repairs to equipment and forcemains, and a delay in several initiatives due to key staff vacancies and time requirements related to business continuity planning.

As of the end of June, the Water & Wastewater divisions reflect a combined net favourable position of $4.13 million, of which $1.99 million has been generated in the Water division and $2.14 million has been generated in Wastewater. By year end the favourable balance may grow to $4.87 million, with $2.59 million being attributed to Water and the remaining $2.28 million to Wastewater. This projected surplus consists of both savings in expenditures ($3.11 million) and favourable revenues ($1.76 million).

Of the $3.11 million projected favourable position in Gross Expenditures at year end, $1.9 million relates to savings anticipated in purchased services. This amount includes favourable anticipated balances in consulting services ($0.84 million) as several initiatives have been impacted by vacancies in key positions and diversion of staff to planning for a potential labour disruption. There are also anticipated savings in sludge disposal ($0.41 million) and wastewater utilities ($0.14 million) due to process optimizations, conservation, and a reduction in wastewater flows. During the first two quarters of 2012, the total wastewater flows at Regional plants has decreased by 24 percent when compared to the previous year.

Projected savings of $0.96 million have been reflected for Repairs and Maintenance (R&M), which are allocations for emergency response to equipment failures and forcemain breaks. While a favorable variance has been projected for these R&M accounts (largely in the Water division), year-end actuals will be contingent on emergency repairs required during the second half of the year.

Personnel costs are expected to generate savings of $0.2 million due to a combination of vacancy management and shift adjustments that have reduced the amount of overtime incurred at the plants. In addition, operational savings from process optimizations and energy efficiency projects have lowered costs within several areas of expenditures.

The largest contributor to the $1.76 million in projected favourable revenue is the anticipated surplus in the variable water rate revenue of $1.05 million. At the time of variance review, water flows are trending higher than projected and a year-end total sale of 61 million cubic metres (versus the 59 cubic metres budgeted) is anticipated. In addition, one-time energy incentive rebates totaling $0.24 million have been received, further increasing the favourable balance.

Waste Management Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,362,484	$ 1,695,029	$ 1,693,389	$ 1,640	$ 1,680,704	$ 3,374,093	$ (11,609)
Administrative Expenses	128,709	65,380	63,278	2,102	46,115	109,393	19,316
Materials, Supplies & Utilities	4,100,830	2,068,111	1,521,276	546,835	1,566,869	3,088,145	1,012,685
Repairs & Maintenance	778,823	389,336	428,655	(39,319)	340,803	769,458	9,365
Purch. Serv. & Other Operating Exp.	37,816,707	18,761,722	16,517,759	2,243,963	18,792,003	35,309,762	2,506,945
Capital Equipment & Renovations	135,664	75,042	14,161	60,881	202,490	216,651	(80,987)
Transfers to Reserves & Reserve Funds	781,930	390,960	390,960	-	390,970	781,930	-
Allocations to Capital Program	(221,185)	(110,592)	(69,126)	(41,466)	(80,000)	(149,126)	(72,059)
Debt Allocation	4,722,916	2,820,770	2,820,770	-	1,902,146	4,722,916	-
Interfunctional Charges/Recoveries	704,096	352,068	349,697	2,371	342,678	692,375	11,721
Total Gross Expenditure	**52,310,974**	**26,507,826**	**23,730,819**	**2,777,007**	**25,184,778**	**48,915,597**	**3,395,377**
Revenue							
Taxation - Rate	(34,000,728)	(17,000,028)	(16,961,834)	(38,194)	(17,038,920)	(34,000,754)	26
Ontario/Canada Grants	(3,825,228)	(1,912,608)	(1,316,112)	(596,496)	(2,585,878)	(3,901,990)	76,762
Fees & Service Charges	(2,592,246)	(1,296,114)	(1,161,126)	(134,988)	(1,150,580)	(2,311,706)	(280,540)
Other Revenue	(11,892,772)	(6,061,159)	(4,836,098)	(1,225,061)	(4,667,287)	(9,503,385)	(2,389,387)
Transfers from Reserves & Reserve Funds	-	-	(74,412)	74,412	-	(74,412)	74,412
Total Revenue	**(52,310,974)**	**(26,269,909)**	**(24,349,582)**	**(1,920,327)**	**(25,442,665)**	**(49,792,247)**	**(2,518,727)**
Net Expenditure/(Revenue)	**$ -**	**$ 237,917**	**$ (618,763)**	**$ 856,680**	**$ (257,887)**	**$ (876,650)**	**$ 876,650**

Waste Management Services - Statement of Operations (cont'd)

Community Impacts & Achievements

Waste Management Services is responsible for the operation of various facilities (landfill sites, hazardous waste depot and recycling centre), the delivery of curbside waste, recycling and organics collection services and diversion programs, the management of long-term organics processing and disposal contracts, as well as policy development and capital program delivery. In addition to the operation of permanent drop-off depots, special event days are provided for diverting recyclables, electronics, household hazardous waste, scrap metal and other materials. Priority initiatives included in the 2012 workplan are:

- Residential waste diversion rate benchmarking
- Materials recycling facility (MRF) and construction & demolition material recycling program (depot) reviews
- Hazardous waste program review
- Humberstone Environmental Assesement (EA) landfill capacity expansion & improvements
- Multi-Residential organics program implementation (Phase 1) & Multi-Residential recycling program implementation (final phase)
- Increase to the garbage tag fee to full recovery
- Policy development for waste management exemptions for the non-profit sector
- Public space recycling (Phase 2) - "Niagara Recycles...On the Go"
- Waste electrical and electronic equipment (WEEE) collection options study

It should be noted that in 2012 Niagara Region's waste management division's efforts were recognized by the Ontario Electronic Stewardship (OES) program for outstanding accomplishments in the collection of electronic waste for recycling. Niagara was awarded for being the fourth most successful municipality in Ontario in the 'Total Metric Tonnes' category for electronics collection.

Variance Analysis

The Waste Management program currently projects an operating surplus of $0.88 million for 2012, which is marginally higher than the mid-year position of $0.86 million. As described in more detail below, the primary driver of these results is the volatile recyclables market pricing which has reduced the payments made by the Niagara Region to Waterloo and Haldimand and the revenues generated from the recycling program, as well as savings in several contracts for reasons such as lower or redirected tonnage in several waste categories, favourable RFP results and the deferral of several initiatives.

The $2.5 million favourable variance anticipated in purchased services is primarily due to following items which total $2.27 million:

- Lower than budgeted tonnage sent to Walker for waste disposal ($0.3 million) and organics processing ($0.55 million)
- A redirection of newsprint from Abitibi to other materials markets resulting in lower processing costs ($0.35 million) and transportation costs ($0.3 million in reduced expenditures which are reflected in lower per tonne revenue)
- Reductions in landfill related operations/maintenance contracts ($0.25 million)
- Niagara Falls enhanced collection contract due to positive RFP results ($0.22 million)
- A delay in consulting assignments ($0.27 million) such as the initiation of the Maintenance Management System (MMS) pending the current transportation Computerized Maintenance Management System (CMMS) implementation and corporate Enterprise Resource Planning (ERP) review

The projected savings in materials and supplies of $1.01 million are largely due to lower payments anticipated in 2012 to Waterloo and Haldimand under the existing contracts as a result of recycling market prices that are lower than anticipated in the 2012 Budget ($0.78 million less than budgeted). Reduced leachate volume treated from the open and closed landfill sites ($0.07 million) has also contributed to the savings in materials and supplies.

The weakening of the recyclables market is also the key driver of the $2.51 million shortfall in revenues. During the first two quarters of the year, revenues from recyclables (including ECO Glass) were lower than the budgeted amount by $1.06 million. It is anticipated that this trend will continue for the remainder of the year, resulting in a $2.53 million shortfall in recyclables revenue by year-end. The largest impact is expected in the newsprint material revenue stream ($1.49 million), due to both the softening market and the redirection of tonnage from Abitibi to other markets. Also included in the total revenue for 2012 is a decrease in tip fee revenue of $0.26 million as a result of a reduction in self-hauled waste delivered to the three Regional landfill sites/drop-offs, as well as a projected increase in garbage bag tag sale revenues of $0.31 million.

Integrated Community Planning Department - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 4,554,888	$ 2,285,246	$ 2,395,490	$ (110,244)	$ 2,447,161	$ 4,842,651	$ (287,763)
Administrative Expenses	954,649	299,840	265,166	34,674	712,527	977,693	(23,044)
Materials, Supplies & Utilities	447,066	210,186	202,884	7,302	235,668	438,552	8,514
Repairs & Maintenance	58,150	29,058	12,924	16,134	41,671	54,595	3,555
Purch. Serv. & Other Operating Exp.	3,032,922	1,498,225	846,406	651,819	2,705,344	3,551,750	(518,828)
Financial Expenditures	1,000,000	499,998	328,772	171,226	795,000	1,123,772	(123,772)
Capital Equipment & Renovations	15,915	7,932	9,528	(1,596)	10,100	19,628	(3,713)
Allocations to Capital Program	-	-	(702)	702	-	(702)	702
Interfunctional Charges/Recoveries	(795,504)	(397,740)	(463,915)	66,175	(397,764)	(861,679)	66,175
Total Gross Expenditure	**9,268,086**	**4,432,745**	**3,596,553**	**836,192**	**6,549,707**	**10,146,260**	**(878,174)**
Revenue							
Ontario/Canada Grants	(1,653,875)	(164,994)	(733,607)	568,613	(926,496)	(1,660,103)	6,228
Fees & Service Charges	(85,056)	(42,522)	(42,670)	148	(39,087)	(81,757)	(3,299)
Other Revenue	(161,000)	(88,829)	(80,943)	(7,886)	-	(80,943)	(80,057)
Transfers from Reserves & Reserve Funds	(506,582)	(305,449)	(1,298,120)	992,671	(201,133)	(1,499,253)	992,671
Total Revenue	**(2,406,513)**	**(601,794)**	**(2,155,340)**	**1,553,546**	**(1,166,716)**	**(3,322,056)**	**915,543**
Net Expenditure/(Revenue)	**$ 6,861,573**	**$ 3,830,951**	**$ 1,441,213**	**$ 2,389,738**	**$ 5,382,991**	**$ 6,824,204**	**$ 37,369**

Integrated Community Planning Department - Statement of Operations (cont'd)

Community Impacts & Achievements

Mission - *Integrated Community Planning (ICP) supports effective decision-making based on meaningful engagement, research, planning and focused actions to deliver responsible public policy, resulting in good governance for Niagara.* Our mission reflects our role which is to support the achievement of Council Business Plan Objectives.

Achievements to date for 2012 include:
- Successful launch of the Culture Capital of Canada projects
- Approval of four full local official plans and nine major amendments (including the Gateway Regional Policy Plan Amendment)
- Leadership in implementing the approved economic development model
- Adoption of a new development charges by-law
- Endorsement of the Gateway Economic Zone and Centre Community Improvement Plan
- Settlement for appeals of Regional Policy Plan Amendment 2-2009
- Completion of the Sustainable Niagara Plan
- Provision of legislative support to Council and various Advisory Committees
- Providing accessibility services in compliance with Accessibility for Ontarians Disability Act (AODA) legislation
- In-house savings and efficiencies through creative services and coloured printing capabilities
- Supporting brand awareness through production of various corporate publications, supporting community engagement activities, responding to crisis through emergency preparedness and crisis communications services
- Community Budget Engagement, and Lakefront Enhancement Strategy are moving forward

See department work plan ICP 1-2012 for more detail.

Variance Analysis

ICP mid-year favourable variance of $2.4 million relates primarily to the timing of reserve funding and grant revenue received for initiatives such as the Culture Capital of Canada in advance of related expenditures, which will be incurred over the remainder of the year. Also contibututing to the year to date variance is a 2011 encumbrance relating to theDevelopment Charges Policy, Lakefront Enhancement, WaterSmart, Economic Impact Study (culture), Gateway Economic Zone & Centre, Employment Lands, and Environmental Impact Studies fowhich the related expenditures have also yet to be incurred.

Overall forecasted expenditures to the end of 2012 are trending as anticipated as they relate to ICP's 2012 work plan, which will result in a projected year end surplus of $37,369. The favourable variance in transfers from reserves is offset by the unfavourable variances in purchased services and financial expenditures and relate to the 2011 encumbered projects identified above that are being completed throughout 2012. Overall forecasted surplus as of the end of the second quarter is less than a 0.6 percent variance from budget.

Community Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 82,436,789	$ 40,659,571	$ 41,284,767	$ (625,196)	$ 41,850,704	$ 83,135,471	$ (698,682)
Administrative Expenses	1,170,942	610,862	474,534	136,328	632,925	1,107,459	63,483
Materials, Supplies & Utilities	7,180,620	3,393,840	3,621,367	(227,527)	3,792,961	7,414,328	(229,708)
Repairs & Maintenance	1,010,596	429,480	409,957	19,523	603,794	1,013,751	(3,155)
Purch. Serv. & Other Operating Exp.	31,662,383	15,152,184	16,007,403	(855,219)	18,135,139	34,142,542	(2,480,159)
Social Assistance	100,419,217	50,209,512	46,973,576	3,235,936	51,701,210	98,674,786	1,744,431
Financial Expenditures	32,905	15,225	7,771	7,454	16,621	24,392	8,513
Capital Equipment & Renovations	518,029	209,949	389,221	(179,272)	360,274	749,495	(228,466)
Transfers to Reserves & Reserve Funds	410,260	204,318	206,246	(1,928)	205,942	412,188	(1,928)
Interfunctional Charges/Recoveries	372,339	185,832	198,796	(12,964)	206,439	405,235	(32,896)
Total Gross Expenditure	**225,214,080**	**111,070,773**	**109,573,638**	**1,497,135**	**117,506,009**	**227,079,647**	**(1,858,567)**
Revenue							
Ontario/Canada Grants	(165,214,865)	(82,012,313)	(79,868,819)	(2,143,494)	(86,156,619)	(166,025,438)	810,573
Fees & Service Charges	(22,235,198)	(11,117,460)	(11,491,213)	373,753	(11,538,341)	(23,029,554)	794,356
Other Revenue	(383,393)	(183,036)	(279,790)	96,754	(308,937)	(588,727)	205,334
Transfers from Reserves & Reserve Funds	(937,883)	(468,930)	(468,930)	-	265,344	(203,586)	(734,297)
Total Revenue	**(188,771,339)**	**(93,781,739)**	**(92,108,752)**	**(1,672,987)**	**(97,738,553)**	**(189,847,305)**	**1,075,966**
Net Expenditure/(Revenue)	**$ 36,442,741**	**$ 17,289,034**	**$ 17,464,886**	**$ (175,852)**	**$ 19,767,456**	**$ 37,232,342**	**$ (782,601)**

Community Services - Statement of Operations (cont'd)

Community Impacts & Achievements

The Community Services department held its annual stakeholder forum event in March and leveraged this event along with input from staff and other advisory groups to develop a Business Plan which has been approved by Committee and Council.

Social Assistance & Employment Opportunities:

- As of June 2012 Niagara Prosperity Committee has invested in 162 programs that have partnered with 61 agencies across Niagara
- The number of emergency hostel beds available to residents of Niagara has been increased by 25 beds
- Funding was received from the Federal Government to implement the strategies identified in the community plan for Local immigrant partnerships
- Niagara piloted the new social assistance on-line application; we were the first municipality to upload an electronic application for social assistance
- The New Legacy of Poverty report was launched which serves as the framework for Niagara region's poverty reduction strategy

Children's Services:

- Staff worked collaboratively with Niagara Catholic District School Board and the District School Board of Niagara leveraging the new centralized waitlist, to determine viability of extended day programs in support of Phase 3 Full Day Kindergarten
- Installation of energy efficient lighting was completed in support of conservation and environmental best practices
- Introduced pre-apprentice and apprenticeship programs with Niagara College into directly operated centres to provide additional training opportunities for future Early Childhood Educators

- Presented to Ministry of Education Early Learning Division recommendations on modernization of child care based on Niagara's child care sector feedback generated from surveys, forums and a summit day that included 68 child care operators
- A centralized waitlist electronic tool was launched to assist parents in finding childcare and the data available provides a more complete understanding of the demand demographics for childcare in Niagara

Seniors Services:

- Received the feasibility study for the future redevelopment of three long-term care homes and analysis has commenced
- In Seniors Community Programs, 2,571 clients have been served in the first six months, representing a 10 percent increase over last year
- Staff participated in Rural Medicine Week
- Registered nursing staff attended a LHIN funded leadership training program
- Our long-term care homes served as host sites for both the Behavioral Support Ontario (BSO) Project, early staff training programs and BSO Project Response Teams. This is LHIN funded enhancement of services for residents with complex and responsive behaviors
- Seniors had a home deemed a best practice home in the province for their work in Montessori Based Dementia Programming. In 2012 to date, representatives from 11 different long-term care homes including homes in Toronto, Guelph, and Cambridge as well as a visit from Toronto Psychogeriatric Resource Consultants have toured the home to learn more about the program and how to implement a similar program at their respective sites

Variance Analysis

Community Services is forecasting a year end deficit of an estimated $0.78 million. There are two components to this variance, Senior Services is anticipating a deficit of $0.48 million and Children's Services is anticipating a deficit of $0.3 million.

The Seniors deficit is the result of variance in food costs of $0.22 million as food prices continue to rise as well as a variance in payroll related costs and overtime of $0.76 million. This is offset by increased revenue in union billings and increased revenues from resident fees. All revenue announcements from the Ministry of Health and Long Term Care effective April 1, 2012 have not been received at the time of this report, and once known may assist in reducing the forecasted deficit for Seniors. In addition, a new shift scheduling system has been implemented in the early part of 2012 which is expected to reduce the overtime while supporting the best practice of consistency of staffing with the residents.

The Children's Services forecasted deficit is the result of increased requests for fee subsidy of 3.7 percent as well as experiencing an increased eligibility amount for fee subsidy as the economic situation in Niagara continues. In addition, the growth in Ontario Works caseloads has had an impact on Ontario Works childcare costs which are funded through Children's Services, resulting in a deficit. As a result of these pressures and to mitigate the deficit, Children's Services has implemented a waitlist for fee subsidy, currently at approximately 300. This measure to manage the budget of the division has put pressure on parents in need of child care to pursue education, retraining and pre-employment opportunities along with social referrals.

Social Assistance & Employment Opportunities (SAEO) has experienced a caseload growth of 4.3 percent in the first half of 2012, which is within budget, and is not anticipating any deficit or surplus. All budgeted reserve transfers to fund Ontario Works may not be required based on case experience to date, which will result in transfers from reserves being underspent. As a result, $0.73 million in unutilized transfers are forecasted to be returned to the reserve. Through the year end transfer report, the final amount will be presented to Council for approval.

Public Health - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 28,918,662	$ 14,576,118	$ 14,460,945	$ 115,173	$ 14,655,932	$ 29,116,877	$ (198,215)
Administrative Expenses	1,103,723	496,673	511,353	(14,680)	570,932	1,082,285	21,438
Materials, Supplies & Utilities	1,183,961	542,509	405,082	137,427	668,670	1,073,752	110,209
Repairs & Maintenance	80,500	26,285	18,786	7,499	70,264	89,050	(8,550)
Purch. Serv. & Other Operating Exp.	2,782,167	1,324,288	1,147,002	177,286	1,436,114	2,583,116	199,051
Capital Equipment & Renovations	145,300	67,600	197,575	(129,975)	166,655	364,230	(218,930)
Interfunctional Charges/Recoveries	2,424,154	1,212,041	1,248,261	(36,220)	1,679,946	2,928,207	(504,053)
Total Gross Expenditure	**36,638,467**	**18,245,514**	**17,989,004**	**256,510**	**19,248,513**	**37,237,517**	**(599,050)**
Revenue							
Ontario/Canada Grants	(28,769,241)	(14,365,179)	(14,966,062)	600,883	(13,481,086)	(28,447,148)	(322,093)
Fees & Service Charges	(132,000)	(66,485)	(145,858)	79,373	-	(145,858)	13,858
Other Revenue	(697,067)	(316,339)	(437,298)	120,959	(856,054)	(1,293,352)	596,285
Transfers from Reserves & Reserve Funds	-	-	(311,000)	311,000	-	(311,000)	311,000
Total Revenue	**(29,598,308)**	**(14,748,003)**	**(15,860,218)**	**1,112,215**	**(14,337,140)**	**(30,197,358)**	**599,050**
Net Expenditure/(Revenue)	**$ 7,040,159**	**$ 3,497,511**	**$ 2,128,786**	**$ 1,368,725**	**$ 4,911,373**	**$ 7,040,159**	**$ -**

Community Impacts & Achievements

Public Health continues to provide a wide array of programs and services in support of the Ontario Public Health Standards, Ontario Public Health Organizational Standards, and other legislated and mandated guidance documents. Provincial Accountability Agreements are being operationalized and specific metrics are reported to the Board of Health and Ministry of Health and Long Term Care on an annual basis. Programs continue to undergo core service review to evaluate need, impact and possible alternate service delivery.

In 2012, additional funding has been received from the Local Health Integration Network to enhance mental health services and increase access to psychiatric care for mental health clients in Niagara through the Ontario Telemedicine Network and the Early Intervention Program. Technological innovations have enabled us to increase customer service through expanded mobile applications and e-learning services, specifically in the areas of prenatal education and restaurant inspections, and launching an electronic medical records system for our sexual health clinics.

As per prior year spending patterns, Public Health expends a larger portion of its overall departmental budget in the second half of the calendar year due to the timing of many programs, and based on projections, will continue with this pattern in 2012.

Variance Analysis

The overspending in the Personnel Costs and Capital Equipment & Renovations is a result of an unanticipated 100 percent funding increase for the mental health program, specifically the Ontario Telemedicine Network. An adjustment to the budget to reflect the funding is anticipated before the end of the next quarter. Competitive supplier bidding in the Vector Borne program and purchasing efficiencies in the general programs are contributing to the projected underspending in materials, supplies and purchased services.

Increased Interfunctional Operating Charges is a result of Public Health's additional transfers to Corporate Services as compensation for services received. These amounts are within the current service level agreement and allow Public Health to maximize Ministry funding. This variance is expected to continue to year end and will be funded through savings in other expenditure lines.

Niagara Region Emergency Medical Services (NEMS) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 29,529,949	$ 14,872,394	$ 15,455,531	$ (583,137)	$ 14,150,878	$ 29,606,409	$ (76,460)
Administrative Expenses	210,150	122,752	114,513	8,239	113,918	228,431	(18,281)
Materials, Supplies & Utilities	2,092,609	1,030,248	878,018	152,230	1,193,598	2,071,616	20,993
Repairs & Maintenance	844,000	416,120	359,408	56,712	484,191	843,599	401
Purch. Serv. & Other Operating Exp.	1,258,456	590,568	535,704	54,864	833,891	1,369,595	(111,139)
Capital Equipment & Renovations	371,000	185,484	264,025	(78,541)	146,068	410,093	(39,093)
Transfers to Reserves & Reserve Funds	1,288,210	644,094	644,094	-	644,116	1,288,210	-
Interfunctional Charges/Recoveries	1,644,817	822,390	937,428	(115,038)	858,583	1,796,011	(151,194)
Total Gross Expenditure	**37,239,191**	**18,684,050**	**19,188,721**	**(504,671)**	**18,425,243**	**37,613,964**	**(374,773)**
Revenue							
Ontario/Canada Grants	(21,109,077)	(10,546,851)	(10,612,214)	65,363	(10,609,552)	(21,221,766)	112,689
Fees & Service Charges	-	-	(3,559)	3,559	(2,000)	(5,559)	5,559
Other Revenue	(20,000)	(9,996)	(244,525)	234,529	(32,000)	(276,525)	256,525
Total Revenue	**(21,129,077)**	**(10,556,847)**	**(10,860,298)**	**303,451**	**(10,643,552)**	**(21,503,850)**	**374,773**
Net Expenditure/(Revenue)	**$ 16,110,114**	**$ 8,127,203**	**$ 8,328,423**	**$ (201,220)**	**$ 7,781,691**	**$ 16,110,114**	**$ -**

Community Impacts & Achievements

The service continues to work towards the council target (65 percent) of Advanced Care Paramedics during 2012, through Niagara College training program. The service continues to face challenges in maintaining service levels, particularly due to off-load delays. NEMS has been working collaboratively with Niagara Health System (NHS) to attempt to mitigate the impact of health system changes on the service, including weekly meetings. There is continued uncertainty related to ongoing Ministry of Health and Long-Term Care (MOHLTC) off-load nurse funding; 2012/13 funding has not been announced to date. NEMS anticipates the gradual introduction (eight in 2012) of new style of ambulance vehicle that is anticipated to lower operational costs and maintenance schedules. This includes the implementation of Automobile Vehicle Informatics vehicle technology expected to reduce fuel consumption and emissions.

NEMS obtained successful re-accreditation from the International Academy of Emergency Medical Dispatch (IAED) Re-accreditation. Preliminary MOHLTC report dispatch review indicates Niagara Ambulance Communications Services (NACS) has a higher compliance rate than other dispatch centers in the province. We continue to utilize innovative dispatch technology to reduce operating costs and improve response time performance. Ontario Municipal Benchmarking Initiative (OMBI) benchmarks continue to demonstrate NEMS excellence. We continue to perform better than both the required MOHLTC legislated requirement for response times and council mandated response time performance standards.

In addtion, NEMS finished second in Advanced Care Paramedics (ACP) National Paramedic Skills Competition; the ground breaking and opening of the Fort Erie EMS Station was completed within 12 months (NEMS/NRPS station); there has been a significant reduction of Transfer of Care time at the busiest hospital site (St. Catharines); and LHIN continues to fund and support the OMEGA project.

Variance Analysis

The unfavourable variance of $583,137 in Personnel Costs as of June 30th is due to increased costs related to WSIB costs and overtime. These costs are expected to decrease in the second half of the year as a result of the changes to the collective agreement signed in May 2012 that increased the use of part time staff. The favourable variance related to Materials, Supplies and Utilities is due to better controls over inventory and controlled drugs. The savings experienced in Purchased Services in the first half of the year will be more than offset by an unfavourable variance in the Offload Nurse Program that continues to incur expenses, with no funding for 2012/13 announced yet. Both Materials and Purchased Services are expected to increase in the second half of the year to correspond to the new fiscal year funding from MOHLTC. Interfunctional Charges are higher than expected as a result of unbudgeted facilities work done at various ambulance stations and additional administration fees. Included in Other Revenue is $119,000 for the Omega Project and $38,000 of union billings which were not budgeted, as well as cost recoveries of $14,000 more than anticipated. It is important to note that any year end surplus within the Ambulance dispatch program or Offload Nurse Program is returned to the MOHLTC and therefore will not result in surplus/deficit.

Provincial Offenses Act (POA) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,882,013	$ 940,974	$ 959,826	$ (18,852)	$ 970,915	$ 1,930,741	$ (48,728)
Administrative Expenses	38,084	19,002	20,089	(1,087)	23,574	43,663	(5,579)
Materials, Supplies & Utilities	108,867	54,420	58,355	(3,935)	51,807	110,162	(1,295)
Purch. Serv. & Other Operating Exp.	3,768,919	1,884,396	1,902,309	(17,913)	2,219,155	4,121,464	(352,545)
Financial Expenditures	120,000	60,000	24,733	35,267	95,267	120,000	-
Capital Equipment & Renovations	34,620	17,298	13,885	3,413	20,735	34,620	-
Transfers to Reserves & Reserve Funds	1,500,000	750,000	750,000	-	750,000	1,500,000	-
Interfunctional Charges/Recoveries	623,546	311,760	305,237	6,523	311,786	617,023	6,523
Total Gross Expenditure	**8,076,049**	**4,037,850**	**4,034,434**	**3,416**	**4,443,239**	**8,477,673**	**(401,624)**
Revenue							
Other Revenue	(9,076,049)	(4,538,022)	(4,770,421)	232,399	(4,722,186)	(9,492,607)	416,558
Total Revenue	**(9,076,049)**	**(4,538,022)**	**(4,770,421)**	**232,399**	**(4,722,186)**	**(9,492,607)**	**416,558**
Net Expenditure/(Revenue)	**$ (1,000,000)**	**$ (500,172)**	**$ (735,987)**	**$ 235,815**	**$ (278,947)**	**$ (1,014,934)**	**$ 14,934**

Provincial Offenses Act (POA) - Statement of Operations (cont'd)

Community Impacts & Achievements

There have been a number of significant projects and initiatives undertaken in POA in the first and second quarter of 2012. All of the major service indicators continue to fluctuate year-to-date compared to the same time period in 2011. This includes:

- Counter visits - 1.3 percent decrease
- Charges filed - 23 percent decrease
- Trial requests - 19.5 percent decrease
- Courtroom utilization - 13.6 percent increase
- Re-openings - 27.5 percent increase
- Extensions - 45.7 percent increase
- Payments received - 2.8 percent increase

At the end of the second quarter, trials were being scheduled for March/April of 2013, a nine to 10 month scheduling delay. 129 extra court dates were scheduled in the first six months of 2012, and the implementation of 'Early Resolution' has contributed to the decrease in trial requests. A total of 1,202 Early Resolution meetings were held, with 55.25 percent resolved.

Council gave direction for two new POA court facilities to be located in Welland and St. Catharines. Ongoing work is being performed to define POA requirements for the new facilities.

The new Early Resolution option for defendants was implemented, effective April 1, 2012, as well as the centralized prosecution unit and centralization of disclosure.

Variance Analysis

Operating expenditures are a direct result of changing demands for service placed on the court system arising from:

- Increased use of labour pool staff to assist in providing service to the public
- Increased use of per diem prosecutors to cover staffing shortages
- Implementation of centralization of disclosure, and introduction of centralized prosecution unit
- An increase in payments made to the Province and Municipal partners
- Pressure on salaries due to the retirement of the Associate Director and hiring of new Associate Director, as well as back-fill for staff leaves

Notwithstanding the increase in operating expenditures, staff anticipates a small revenue surplus at year-end, over and above the $1.5 million transfer to the reserve fund for facilities, the $1 million to area municipalities and $1 million to the Region.

Niagara Regional Housing (NRH) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,813,836	$ 1,873,052	$ 1,821,066	$ 51,986	$ 1,992,770	$ 3,813,836	$ -
Administrative Expenses	237,224	75,375	75,065	310	162,159	237,224	-
Materials, Supplies & Utilities	5,074,352	2,381,751	1,934,381	447,370	3,139,971	5,074,352	-
Repairs & Maintenance	3,600,143	1,704,951	1,721,235	(16,284)	2,158,369	3,879,604	(279,461)
Purch. Serv. & Other Operating Exp.	4,459,647	2,298,569	2,836,960	(538,391)	1,622,687	4,459,647	-
Financial Expenditures	2,967,338	1,480,503	1,552,359	(71,856)	1,414,979	2,967,338	-
Capital Equipment & Renovations	30,000	9,498	7,246	2,252	22,754	30,000	-
NRH Housing Provider Subsidy & Supplemen	26,618,221	13,309,092	16,571,111	(3,262,019)	10,252,546	26,823,657	(205,436)
Transfers to Reserves & Reserve Funds	476,424	199,284	199,284	-	277,140	476,424	-
Debt Allocation	1,240,088	653,000	617,504	35,496	551,584	1,169,088	71,000
Interfunctional Charges/Recoveries	956,013	477,996	491,255	(13,259)	458,085	949,340	6,673
Total Gross Expenditure	**49,473,286**	**24,463,071**	**27,827,466**	**(3,364,395)**	**22,053,044**	**49,880,510**	**(407,224)**
Revenue							
Ontario/Canada Grants	-	-	(3,303,307)	3,303,307	3,303,307	-	-
Other Revenue	(22,134,483)	(11,011,122)	(11,361,929)	350,807	(11,022,554)	(22,384,483)	250,000
Transfers from Reserves & Reserve Funds	(755,000)	(349,998)	(507,222)	157,224	(405,002)	(912,224)	157,224
Total Revenue	**(22,889,483)**	**(11,361,120)**	**(15,172,458)**	**3,811,338**	**(8,124,249)**	**(23,296,707)**	**407,224**
Net Expenditure/(Revenue)	**$ 26,583,803**	**$ 13,101,951**	**$ 12,655,008**	**$ 446,943**	**$ 13,928,795**	**$ 26,583,803**	**$ -**

Niagara Regional Housing (NRH) - Statement of Operations (cont'd)

Community Impacts & Achievements

NRH is responsible for direct ownership and management of a rental portfolio; the provision of subsidies to providers; the management of the waiting list; and the delivery of any federal/provincial programs.

Owned Units

NRH provides property and asset management services for a portfolio of 2636 units including 35 apartment buildings and over 850 townhouses/houses. These units are home to over 6,500 people. This portfolio represents 35 percent of the operating budget for building related expenses – maintenance, taxes, utilities etc. Over 2,300 work orders for repairs to the units were issued this quarter. An amount that is consistent with previous quarters.

Rental Subsidy Programs – Housing Providers and Rent Supplement

Through rental subsidy programs with private landlords and non-profit/co-operative housing providers an additional 5,000 units of affordable housing are available. The subsidies which account for 54 percent of the operating budget are calculated based on legislative requirements.

Affordable Housing Waiting List

NRH maintains the affordable housing waiting list for the region. The demand for housing continues to increase with a 1.5 percent increase over the previous quarter. At the end of the second quarter, 10,560 applicants were waiting for permanent subsidized accommodation while 154 received housing.

Variance Analysis

Although NRH is forecasting a breakeven position at year end, there are pressures within two key accounts that will require ongoing monitoring.

Owned Units

Repairs and Maintenance is over-expended by $279,461. This includes additional cost incurred in 2012 that were encumbered at the end of 2011. This is offset by the encumbrance transfer from the reserve of $157,224. However, the remaining balance will need to be offset with revenue or a deferral of repairs to the units. We were aware during the 2012 budget process that this account would be underfunded. The budget guidance only provided for the coverage of the highest risk-exposure items such as utilities, taxes, legislated subsidy increases, inter-functional transfers, insurance etc. After guidance was applied to these accounts, the remaining balance of $7,647 was applied to repairs and maintenance even though the average expenditure for the previous three years indicated a minimum increase of $89,185 was needed to meet the average. Additionally, the three year average did not have any provision for increased labour or material costs for 2012.

Subsidy Programs

The unfavourable variance of $205,436 is due to legislative inflationary increases to housing provider subsidy. Although a 1 percent increase was provided in the 2012 budget, early indications are that this may not be sufficient.

Niagara Regional Police Services & Board (NRPS) - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 120,224,768	$ 59,062,768	$ 60,014,176	$ (951,408)	$ 60,460,589	$ 120,474,765	$ (249,997)
Administrative Expenses	1,734,538	866,032	661,182	204,850	1,044,145	1,705,327	29,211
Materials, Supplies & Utilities	4,890,309	2,446,663	2,408,293	38,370	2,822,160	5,230,453	(340,144)
Repairs & Maintenance	2,194,682	1,054,182	791,007	263,175	1,403,675	2,194,682	-
Purch. Serv. & Other Operating Exp.	3,349,291	1,686,653	1,427,758	258,895	1,921,534	3,349,292	(1)
Financial Expenditures	4,000	1,998	2,552	(554)	351,448	354,000	(350,000)
Capital Equipment & Renovations	547,090	273,546	176,000	97,546	371,090	547,090	-
Transfers to Reserves & Reserve Funds	3,825,000	3,825,000	3,937,332	(112,332)	100,000	4,037,332	(212,332)
Allocations to Capital Program	-	-	(314)	314	-	(314)	314
Interfunctional Operating Recoveries	3,207,163	1,603,548	1,633,076	(29,528)	1,603,615	3,236,691	(29,528)
Total Gross Expenditure	**139,976,841**	**70,820,390**	**71,051,062**	**(230,672)**	**70,078,256**	**141,129,318**	**(1,152,477)**
Revenue							
Ontario/Canada Grants	(4,576,293)	(2,305,723)	(2,736,593)	430,870	(2,292,175)	(5,028,768)	452,475
Fees & Service Charges	(6,675,425)	(3,337,716)	(3,582,586)	244,870	(3,092,840)	(6,675,426)	1
Other Revenue	(1,495,865)	(602,925)	(850,674)	247,749	(745,192)	(1,595,866)	100,001
Transfers from Reserves & Reserve Funds	(320,000)	(320,000)	(320,000)	-	(600,000)	(920,000)	600,000
Total Revenue	**(13,067,583)**	**(6,566,364)**	**(7,489,853)**	**923,489**	**(8,730,207)**	**(14,220,060)**	**1,152,477**
Net Expenditure/(Revenue)	**$ 126,909,258**	**$ 64,254,026**	**$ 63,561,209**	**$ 692,817**	**$ 63,348,049**	**$ 126,909,258**	**$ -**

Community Impacts & Achievements

Full details are available in the Service Report to the Police Service Board (PSB) received by the Board on July 26, 2012. A copy has been submitted to the Region. The year to date actuals presented in the PSB Report show minor variances from the Regional information. This is a result of Regional transactions posted subsequent to the NRPS required month end close deadline.

Variance Analysis

As of June 30, 2012, total gross expenditures were $1.2 million more than budget. This is mainly due to additional retirement and sick leave payouts, additional special equipment purchases required as part of additional provicial grants received, and additional allowances in financial expenditures. The additional expenditures are offset by additional revenues and additional forecasted transfers from reserves. The detailed variance analysis and forecast have been prepared based on results of operations at June 30, 2012. In the forecast the Service has recognized a number of expected year end variances and expected recommendations including additional net transfers from reserves of $500,000 to offset increased gross expenditures. Approval of which reserve funds the additional transfers will occur from has not yet taken place and is expected to be reviewed at yearend.

Economic Development & Niagara Economic Development Corporation (NEDC) Grant

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Materials, Supplies & Utilities	$ -	$ -	$ 77	$ (77)	$ -	$ 77	$ (77)
Purch. Serv. & Other Operating Exp.	1,703,377	851,686	82,438	769,248	1,620,351	1,702,789	588
Interfunctional Charges/Recoveries	-	-	511	(511)	-	511	(511)
Total Gross Expenditure	**1,703,377**	**851,686**	**83,026**	**768,660**	**1,620,351**	**1,703,377**	-
Net Expenditure/(Revenue)	**$ 1,703,377**	**$ 851,686**	**$ 83,026**	**$ 768,660**	**$ 1,620,351**	**$ 1,703,377**	$ -

Community Impacts & Achievements

In 2012, the economic development function is transitioning from the NEDC agency, a seperate corporation that has historically received funding from the Niagara Region, to a department within the Niagara Region. A formal plan of execution is underway and full ongoing financial impacts are anticipated as part of the 2013 budgeting process. In 2012 costs are being incurred in both NEDC and the Region as the transition is executed. The above summary shows that we expect to fully utilize the originally budgeted costs to fund the economic development function in 2012. It does not show the transition activity within NEDC for the first part of 2012, but does reflect that some Regional dollars will be required to fund NEDC agency in 2012. At June 30, 2012 approximately $0.5 million in net expenditures have been incurred by the NEDC agency. The full financial impact on 2012 and cost breakdown will be updated at the end of the third quarter once the transition is more substantially complete.

Variance Analysis

No significant variance is expected until the impacts of the transition are finalized and the new Director has had an opportunity to review operations.

Niagara Peninsula Conservation Authority (NPCA) Grant

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Purch. Serv. & Other Operating Exp.	$ -	$ -	$ 27	$ (27)	$ -	$ 27	$ (27)
Financial Expenditures	6,857,104	3,428,552	3,428,552	-	3,428,552	6,857,104	-
Total Gross Expenditure	**6,857,104**	**3,428,552**	**3,428,579**	**(27)**	**3,428,552**	**6,857,131**	**(27)**
Revenue							
Transfers from Reserves & Reserve Funds	(300,000)	(300,000)	(300,000)	-	-	(300,000)	-
Total Revenue	**(300,000)**	**(300,000)**	**(300,000)**	**-**	**-**	**(300,000)**	**-**
Net Expenditure/(Revenue)	**$ 6,557,104**	**$ 3,128,552**	**$ 3,128,579**	**$ (27)**	**$ 3,428,552**	**$ 6,557,131**	**$ (27)**

Community Impacts & Achievements

NPCA is a separate corporation that receives funding from the Niagara Region. The above summary show the grant the Niagara Region provides the NPCA and not their operating results.

The Region will provide NPCA the remaining half of their approved annual funding in the next two quarters.

Variance Analysis

Year to date NPCA has received one half of their annual funding as planned.

In 2012, NPCA requested $300,000 in funding for water related activities and this was provided through the water reserves.

General Government - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,009,958	$ 586,396	$ 493,312	$ 93,084	$ 499,811	$ 993,123	$ 16,835
Administrative Expenses	114,605	68,780	67,580	1,200	31,060	98,640	15,965
Materials, Supplies & Utilities	-	-	34,039	(34,039)	1,845	35,884	(35,884)
Repairs & Maintenance	40,000	19,998	9,197	10,801	-	9,197	30,803
Purch. Serv. & Other Operating Exp.	6,118,113	3,056,058	2,994,024	62,034	3,147,079	6,141,103	(22,990)
Financial Expenditures	46,422,844	21,015,433	20,793,107	222,326	25,658,494	46,451,601	(28,757)
Capital Equipment & Renovations	-	-	6,495	(6,495)	-	6,495	(6,495)
Transfers to Reserves & Reserve Funds	17,759,517	16,854,517	18,183,895	(1,329,378)	1,905,000	20,088,895	(2,329,378)
Debt Allocation	(12,907,593)	(8,756,381)	(8,720,885)	(35,496)	(4,115,708)	(12,836,593)	(71,000)
Interfunctional Operating Recoveries	1,034,845	517,422	451,797	65,625	517,423	969,220	65,625
Total Gross Expenditure	**59,592,289**	**33,362,223**	**34,312,561**	**(950,338)**	**27,645,004**	**61,957,565**	**(2,365,276)**
Revenue							
Taxation - Levy	(311,499,180)	(141,414,512)	(141,554,680)	140,168	(169,944,499)	(311,499,179)	(1)
Ontario/Canada Grants	(1,599,270)	(778,212)	(782,469)	4,257	(816,801)	(1,599,270)	-
Other Revenue	(12,488,500)	(6,708,093)	(8,568,612)	1,860,519	(6,148,037)	(14,716,649)	2,228,149
Transfers from Reserves & Reserve Funds	(5,001,664)	(4,789,166)	(5,292,116)	502,950	(977,845)	(6,269,961)	1,268,297
Total Revenue	**(330,588,614)**	**(153,689,983)**	**(156,197,877)**	**2,507,894**	**(177,887,182)**	**(334,085,059)**	**3,496,445**
Net Expenditure/(Revenue)	**$ (270,996,325)**	**$ (120,327,760)**	**$ (121,885,316)**	**$ 1,557,556**	**$ (150,242,178)**	**$ (272,127,494)**	**$ 1,131,169**

Community Impacts & Achievements

Certain risks associated in General Government include:

- Legal Liability could fluctuate at year-end depending on claims status
- Line of sight on write-offs and supplemental taxes is limited as it is not provided by the local area municipalities until year-end. Currently forecasted as budgeted

Variance Analysis

The majority of the favourable year to date variance is a result of increased investment income. The increased other revenue is a result of addtional investment income (see investment report for further details on page 43). The unfavourable variance on transfers to reserves of approximately $2.3 million is a result of capital gain activity that per the investment policy supported transfers to the investment income stabilization reserve ($1.3 million) and a revised estimate of the amount interest to be allocated to reserves in 2012 (additional $1 million transfer to reserves; total $2 million transfer forecasted). This is offset by the favourable variance in the transfers from reserves of $1.3 million related to 2012 use of the investement income stabilitzation reserve ($0.77 million) and the benefit received through internal financing and early payment of the hospital contribution ($0.5 million). A revised methodology on the interest allocation to reserves process for 2012 will be prepared for consideration at the Investment Committee before year end.

Financial expenditures are in line with budget but are impacted by a favourable variance as a result of the timing of processing of debt related charges. The 2012 budget did not consider the impact of interest accruals. This impact has been factored into the financial expenditures forecast above and is included in the 2013 budget. This favourable variance is offset by an additional forecasted for risk management costs in 2012.

Special Initiatives/Joint Initiatives - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Financial Expenditures	$ 145,000	$ 85,000	$ 15,425,000	$ (15,340,000)	$ 60,000	$ 15,485,000	$ (15,340,000)
Transfers to Reserves & Reserve Funds	796,750	796,750	796,750	-	-	796,750	-
Total Gross Expenditure	**941,750**	**881,750**	**16,221,750**	**(15,340,000)**	**60,000**	**16,281,750**	**(15,340,000)**
Revenue							
Transfers from Reserves & Reserve Funds	-	-	(15,370,000)	15,370,000	-	(15,370,000)	15,370,000
Total Revenue	-	-	**(15,370,000)**	**15,370,000**	-	**(15,370,000)**	**15,370,000**
Net Expenditure/(Revenue)	**$ 941,750**	**$ 881,750**	**$ 851,750**	**$ 30,000**	**$ 60,000**	**$ 911,750**	**$ 30,000**

Community Impacts & Achievements

The Region has contributed $15,440,000 to special initiatives in 2012 ($15,370,000 for the Cancer Centre and $70,000 for the 2015 Pan Am Games). As per CSD 146-2011, the Cancer Centre contribution which was originally expected to occur at a rate of $1 million per year for thirty years was fully paid in 2012 at the present value dollar amount. The early payment amount was internally financed by running a deficit in the Niagara Region's operating fund that will be replenished through the levy in future years. Since there are sufficient funds from other sources, primarily reserves, there are no operational impacts to maintaining a deficit balance in operating fund. Early payment of this committment will allow the Region to only contribute $796,750 to replenish the operating fund each year, thereby saving $203,250 annually on the levy.

The annual $70,000 allocated to PanAm Games was approved by Council through the 2012 budget approval and is expected to continue at the same funding level through to 2015. The remaining $60,000 relates to co-op student funding that is part of Council's youth retention strategy.

Variance Analysis

Budget funds were earmarked for an additional annual contribution to the Pan Am Games each year, but are not anticipated to be required until possibly 2015. This results in a projected surplus for 2012.

Reserve Summary

Description	Balances at December 31, 2011	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2012	Net Transfers Forecast from/(to) Operating (Jul-Dec)	Capital Commitments *	Forecast Balance at December 31, 2012
Ambulance Communication	$ 1,947,261	$ -	$ -	$ 1,947,261		$ -	$ 1,947,261
Chemical, Biological, Radiological, Nuclear (CBRN)							
Emergency Response Team	201,938	24,996	-	226,934	25,004	(200,000)	51,938
Ambulance Replacement	348,682	377,496	(725,000)	1,178	377,504	-	378,682
New Affordable Housing Development Initiative	9,437,690	-	-	9,437,690		-	9,437,690
Fleet Equipment Replacement	6,371,133	846,660	(2,941,671)	4,276,123	846,670	-	5,122,793
Police Equipment Replacement	212,591	1,600,000	(1,620,000)	192,591	-	-	192,591
Welland Canal Crossings	141,695	-	-	141,695		-	141,695
NRH Owned Units	3,672,273	199,284	(2,039,076)	1,832,481	144,292	-	1,976,773
PW Field Admin. Equip. Replacement	99,752	100,000	(195,000)	4,752	-	-	4,752
Senior Services Capital	2,870,492	206,246	(947,100)	2,129,638	205,942	-	2,335,580
Public Health	538,742	(311,000)	-	227,742		-	227,742
Police Emergency Preparedness	50,000	-	-	50,000		-	50,000
Fire Co-ordinator	89,019	6,570	-	95,589	6,573	-	102,162
Community Services Buildings	87,282	-	-	87,282		-	87,282
POA Facility Renewal	1,694,058	750,000	(500,000)	1,944,058	750,000	-	2,694,058
Police Capital Levy	1,112,703	1,200,000	(1,125,773)	1,186,930	-	(150,000)	1,036,930
General Capital Levy	7,705,196	13,445,056	(14,698,444)	6,451,808	433,893	(4,210,000)	2,675,701
Public Health Vehicles & Equipment	366,040	-	-	366,040		-	366,040
Police Ontario Police Viedo Training Alliance Reserve	31,250	-	-	31,250		-	31,250
Specialized Transit Equipment	286,195	-	-	286,195		-	286,195
Total Levy Supported Capital	**37,263,994**	**18,445,308**	**(24,792,064)**	**30,917,238**	**2,789,878**	**(4,560,000)**	**29,147,116**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

Reserve Summary (cont'd)

Description	Balances at December 31, 2011	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2012	Net Transfers Forecast from/(to) Operating (Jul-Dec)	Capital Commitments *	Forecast Balance at December 31, 2012
NRH Rent Supplement	890,115	(349,998)	-	540,117	(350,002)	-	190,115
Investment Income Stabilization	1,003,287	1,329,378	-	2,332,665	(765,347)	-	1,567,318
Social Assistance	8,489,459	(468,930)	-	8,020,529	265,344	-	8,285,873
Childrens Services	700,341	-	-	700,341		-	700,341
Health Unit Wallington	44,778	-	-	44,778		-	44,778
Year End Transfer	2,836,664	(2,836,664)	-	-	-	-	-
Police Contingency	436,029	-	-	436,029	(250,000) **	-	186,029
Contingency	7,143,725	2,227,164	-	9,370,889	(134,002)	-	9,236,887
Improvement Initiatives	497,149	368,046	-	865,195	(401,953)	-	463,242
Police Services Board Contingency	130,154	(70,000)	-	60,154		-	60,154
Taxpayer Relief	5,174,900	(1,725,000)	-	3,449,900		-	3,449,900
Total Stabilization Reserves	**27,346,601**	**(1,526,004)**	**-**	**25,820,597**	**(1,635,960)**	**-**	**24,184,637**
Police Accumulated Sick	4,526,341	(250,000)	-	4,276,341	(250,000) **	-	4,026,341
Regional OMERS	13,052	-	-	13,052		-	13,052
Future Benefit Cost	2,355,449	-	-	2,355,449		-	2,355,449
WSIB	14,123,030	(17,520)	-	14,105,510	(17,530)	-	14,087,980
Accumulated Sick Leave	2,984,434	(112,500)	-	2,871,934	(112,500)	-	2,759,434
Unrecorded Liabilities Public Sector Accounting Board	6,779,192	-	-	6,779,192		-	6,779,192
Employee future benefits - NRH	803,974	-	-	803,974		-	803,974
Police Future Benefits	1,115,738	912,332	-	2,028,070		-	2,028,070
Police WSIB	2,219,590	225,000	-	2,444,590		-	2,444,590
Sub-total Employee Benefit Liabilities ***	34,920,800	757,312	-	35,678,112	(380,030)	-	35,298,082
Tax Write off Stabilization	5,000,000	-	-	5,000,000		-	5,000,000
Self Insurance	2,513,784	-	-	2,513,784		-	2,513,784
Land Ambulance Severance	4,211,266	235,032	-	4,446,298	235,035	-	4,681,333
Total Liabilities	**46,645,850**	**992,344**	**-**	**47,638,194**	**(144,995)**	**-**	**47,493,199**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

** The Police are forecasting a net reserve transfer of $500,000 to offset their expected deficit. This has been forecasted against the police contingency and police accumulated sick reserve for the purpose of this report, however final decision of which reserve the funds are to come from is yet to be determined.

*** As of December 31, 2011 the employee future benefit liabilities (including vacation and lieu liabilities) were $82,658,977 (Reserves = $34,920,800). The Region is currently in the process of completing a new actuarial valuation of these liabilities and expects new estimates to be available in the fall.

Reserve Summary (cont'd)

Description	Balances at December 31, 2011	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2012	Net Transfers Forecast from/(to) Operating (Jul-Dec)	Capital Commitments *	Forecast Balance at December 31, 2012
Niagara College Commitment	85,000	-	-	85,000			85,000
Circle Route Initiatives	1,482,681	-	-	1,482,681			1,482,681
Corporate Employee Recognition Team (CERT)	411,059	(28,422)	-	382,637	(13,428)		369,209
Encumbrance	2,654,811	(2,654,811)	-	-			-
Hospital Contributions	1,000,000	(15,076,200)	-	(14,076,200)			(14,076,200)
Smart Growth	1,754,896	(35,166)	-	1,719,730	(35,176)		1,684,554
Total Regional Commitments	**7,388,447**	**(17,794,599)**	**-**	**(10,406,152)**	**(48,604)**	**-**	**(10,454,756)**
Sewage Operations Capital Works	48,263,653	9,389,562	(15,759,655)	41,893,560	9,389,570		51,283,130
Water Operations Capital Works	64,374,944	9,771,366	(14,934,094)	59,212,216	9,771,375		68,983,591
Waste Management	15,770,260	390,960	(5,338,870)	10,822,350	390,970		11,213,320
Total Rate Supported Capital	**128,408,856**	**19,551,888**	**(36,032,618)**	**111,928,126**	**19,551,915**	**-**	**131,480,041**
	-			-	2,000,000		-
Total (Excluding Deferred Revenues)	**$ 247,053,748**	**$ 19,668,937**	**$ (60,824,682)**	**$ 205,898,003**	**$ 22,512,234**	**$ (4,560,000)**	**$ 221,850,237**

* Capital commitments represent previously approved capital budget items that have not yet been initiated.

Note: Reserve balances above do not include any transfers that may occur as a result of 2012 surplus/deficit indentified throughout this booklet.

Deferred Revenues (Development Charges & Gas Tax Reserve Funds)

Description	Balances at December 31, 2011	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2012	Net Transfers Forecast from/(to) Operating (Jul-Dec)	Capital Commitments *	Balance Available at June 30, 2012
Development Charges-General Government	$ 436,805	$ (68,967)	$ -	$ 367,838	$ 80,400		$ 448,238
Development Charges-Public Works	187,951	-	(187,951)	-	-		-
Development Charges-Police Services	1,027,353	66,736	(1,089,506)	4,583	171,400		175,983
Development Charges-Roads	15,731,856	2,073,203	-	17,805,059	3,187,336	(17,728,829)	3,263,566
Development Charges-Sewer	7,524,259	1,483,608	-	9,007,867	2,278,471	(7,680,566)	3,605,772
Development Charges-Water	10,956,929	622,353	-	11,579,281	835,842	(1,398,177)	11,016,946
Development Charges-Emergency Medical	130,007	82	-	130,089	5,200		135,289
Federal Gas Tax	14,140,103	-	(6,079,959)	8,060,144	13,100,000	(18,985,766)	2,174,378
Total	**$ 50,135,263**	**$ 4,177,014**	**$ (7,357,416)**	**$ 46,954,862**	**$ 19,658,649**	**$ (45,793,338)**	**$ 20,820,172**

* The capital commitments included represent all approved capital project expenditures budgeted to be funded by development charges.
Each year end a review of the status of these capital projects is completed and revenue earned is transferred from the development charge account to the capital project.

Development Charge Revenues

	2011 Actuals		2012 June YTD	
Gross Development Charge Revenues	20,076,316		8,762,188	
Less: Non-discretionary exemptions	(1,379,903)	6.9%	(1,470,924)	16.8%
	18,696,413		7,291,264	
Less: Discretionary exemptions (Forgone Revenue)	(8,627,524)	43.0%	(2,671,446)	30.5%
Net Development Charges Revenues **	10,068,889	50.2%	4,619,818	52.7%

** Development charge revenues are deposited to the reserve funds above.

Capital Summary

The Corporate Services department develops the Capital Affordability Strategy, the Capital Financing Strategy and Capital Budget guidelines, in co-ordination with departments and boards input and in conjunction with Council objectives and Corporate Policies. The Corporate Services department prepares the consolidated capital budget and forecast based on the requests of departments and boards, co-ordinates capital initiations, financing, close out approvals and reporting, supports tangible capital asset accounting in accordance with the Capital Asset Management Policy and reports on the consolidated activity of the capital program.

The capital budget represents priority projects as determined by the departments and boards, and approved by Council. When capital budgets have been approved, projects are initiated. Project managers within the departments and boards administer the projects and maintain the related tangible capital asset information. Project managers are accountable for monitoring the capital projects within the capital program and taking corrective action when necessary including both reporting on significant variances as well as taking part in the capital close out process.

Capital Project Summary

Illustrated below is the total capital budget currently being managed by the Niagara Region of $727.5 million, representing 684 parent projects, total capital spending to date of $329.4 million and budget remaining of $398.2 million. This chart represents, in aggregate, all currently active, on hold and uninitiated projects managed by the Niagara Region. Cashflow expenditures of the budget remaining have been forecasted based on departmental input.

Capital project detail for 73 projects with remaining budgets greater than $1M is summarized in the chart and discussed on subsequent pages.

There are 611 various department projects with remaining budgets less than $1 million. Spending on these projects to date represents 73.7 percent of the capital budget on these projects.

This cashflow forecast was derived using assumptions and estimates based on information available to management at the time of writing this quarterly financial update. Readers of this report are cautioned that actual cashflows may vary from the forecast information presented.

		Project-to-Date	Budget	Cashflows	
Departments and Boards	**Total Budget**	**Actuals**	**Remaining**	**2012**	**Beyond 2012**
Projects with remaining budgets greater than $1M					
Community Services	8,150,000	3,229,080	4,920,920	4,500,000	420,920
Corporate Services	12,600,000	582,725	12,017,275	2,250,000	9,767,275
Niagara Regional Housing	24,905,201	3,498,684	21,406,517	13,428,607	7,977,910
Services Board	98,937,977	14,091,100	84,846,877	5,147,932	79,698,945
Public Health	1,450,000	3,644	1,446,356	1,446,356	-
Public Works - Levy	82,709,334	19,681,069	63,028,265	35,276,602	27,751,663
Waste Management	8,296,532	1,198,361	7,098,171	1,350,000	5,748,171
Wastewater	68,322,942	9,536,301	58,786,641	15,341,000	43,445,641
Water	57,574,383	8,732,862	48,841,521	12,936,384	35,905,137
Various Departments Projects with remaining budgets less than $1M	364,576,678	268,813,044	95,763,634	20,102,000	75,661,634
Grand Total	**727,523,047**	**329,366,870**	**398,156,177**	**111,778,881**	**286,377,296**

Capital Project Detail

In addition to the capital project summary, a detailed analysis of capital projects with budgets remaining greater than $1 million (as provided by departments) is presented below. There are a total of 73 projects totaling $362.9 million of approved capital budget. Project spending to date on these projects amounts to $60.6 million, representing 16.7 percent of the capital budget on these projects.

Cashflow forecasts have been provided by Project Managers within their respective departments. It should be noted that the Niagara Regional Police Services Board (NRPS) Long Term Accommodations (LTA) project is included in this analysis. Excluding the NRPS LTA projects, spending for those projects with remaining budget greater than $1 million, as a percentage of their overall budget would amount to 19.5 percent.

This cashflow forecast was derived using assumptions and estimates based on information available to management at the time of writing this quarterly financial update. Readers of this report are cautioned that actual cashflows may vary from the forecast information presented. It is likely that variances representing surplus/deficits will occur upon project completion. Surpluses will be closed out through future project closeout reports. Deficits will be addressed through individual reports to Council (via capital variance reserve) or through future closeout reports.

Projects with remaining budgets greater than $1million

Departments and Boards / Project Description	Total Budget	Project-to-Date Actuals	Budget Remaining	Cashflows 2012	Cashflows Beyond 2012	Expected Year of Completion
Projects with remaining budgets greater than $1M						
Community Services						
Deer Park Villa Renovations	**8,150,000**	**3,229,080**	**4,920,920**	**4,500,000**	**420,920**	**2013**
Corporate Services						
2012 - IT Asset Replacement	1,700,000	560,733	1,139,267	1,000,000	139,267	2013
Construction EMS Bldgs	2,500,000	20	2,499,980	250,000	2,249,980	2014
Council Chambers Renovations	2,000,000	21,275	1,978,725	250,000	1,728,725	2013
IT Server Building	3,400,000	697	3,399,303	250,000	3,149,303	2013
Public Health Facilities - Kasian Study	3,000,000	-	3,000,000	500,000	2,500,000	2014
	12,800,000	**582,725**	**12,017,275**	**2,250,000**	**9,767,275**	

Capital Project Detail (cont'd)

Departments and Boards / Project Description	Total Budget	Project-to-Date Actuals	Budget Remaining	Cashflows 2012	Cashflows Beyond 2012	Expected Year of Completion
Projects with remaining budgets greater than $1M						
Niagara Regional Housing						
Community Remediation	2,015,500	1,160,163	855,337	690,758	164,579	2013
Fitch Street	9,982,623	-	9,982,623	2,500,000	7,482,623	2013
NRH - Building Capital	1,150,470	35,031	1,115,439	1,000,392	115,047	2013
NRH - Community Remediation	4,500,000	2,045,481	2,454,519	2,454,519	-	2012
NRH - Units Capital	2,156,608	258,009	1,898,599	1,682,938	215,661	2013
Phase 1 Community Remediation (COM33-2010)	5,100,000	-	5,100,000	5,100,000	-	2012
	24,905,201	**3,498,684**	**21,406,517**	**13,428,607**	**7,977,910**	
Niagara Regional Police Services Board						
2012 Police Vehicles	1,620,000	569,770	1,050,230	1,050,230	-	2012
Communications Unit Back-up	2,250,000	-	2,250,000	562,500	1,687,500	2013
Long Term Accommodations	69,161,000	5,810,757	63,350,243	1,500,000	61,850,243	Beyond 2014
Long-term Accomodations - HQ/Admin	13,376,000	-	13,376,000	-	13,376,000	Beyond 2014
NRPS - IT Continuity Plan	1,500,000	-	1,500,000	375,000	1,125,000	2013
Radio/Data System Infrastructure and Equipment	2,400,877	221,285	2,179,592	1,089,796	1,089,796	2013
S.P.I.R.I.T.	8,630,100	7,489,288	1,140,812	570,406	570,406	2013
	98,937,977	**14,091,100**	**84,846,877**	**5,147,932**	**79,698,945**	
Public Health						
2012 - Ambulance & Equipment Replacement	**1,450,000**	**3,644**	**1,446,356**	**1,446,356**	-	**2012**
Public Works - Levy						
2012 Roads Resurfacing Program	4,000,000	78,181	3,921,819	3,730,000	191,819	2012
2012 Vehicles & Equipment - Unallocated	1,030,000	-	1,030,000	1,030,000	-	2012
Cpcty Imprv-Niagara St 4-5 lanes from Quaker to Woodlawn	2,700,000	60	2,699,940	1,739,940	960,000	2013
Embankment Stabilization RR 14 (Canboro Rd) at Warner	2,410,000	435,716	1,974,284	190,000	1,784,284	2014
Ferry St from Stanley Ave to Main	1,600,000	145,110	1,454,890	1,400,000	54,890	2012
Improvement RR 20(old Hwy 20), Station St to Rice Rd, Ph 3	4,645,513	825,843	3,819,670	2,823,000	996,670	2012
Intersection RR 81 (St. Paul St) at Vansickle Rd / First St	2,400,000	110,057	2,289,943	790,000	1,499,943	2014

Capital Project Detail (cont'd)

Departments and Boards / Project Description	Total Budget	Project-to-Date Actuals	Budget Remaining	Cashflows 2012	Cashflows Beyond 2012	Expected Year of Completion
Projects with remaining budgets greater than $1M						
Lakeshore Rd, from Geneva St to Bradmon Dr	6,820,837	200,160	6,620,677	3,000,000	3,620,677	2013
Mountain Rd, Kalar Rd to Dorchester Rd, Ph 3	3,754,494	66,354	3,688,140	3,192,000	496,140	2012
Rds Rehab-Canborough Rd from Townline to RR20	1,100,000	23,949	1,076,051	100,000	976,051	2014
Reconst RR 102 (Stanley Ave), Whirlpool Rd to Valley Way	3,100,000	-	3,100,000	300,000	2,800,000	2014
Reconst RR 20 (Lundy's Lane), Highland St to Main St-Ph 2	2,250,833	123,895	2,126,938	2,027,000	99,938	2012
Reconst RR 77 (Welland Ave), Niagara St to QEW	4,793,382	3,683,720	1,109,662	1,109,662	-	2012
Reconst RR 102 (Stanley Ave), Whirlpool Rd to Hwy 405	5,053,503	3,383,817	1,669,686	270,000	1,399,686	2013
Reconst RR 41 (Woodlawn Rd), First St - Rice Rd, Ph 3, WE	2,944,958	100,845	2,844,113	2,500,000	344,113	2013
Reconst RR 57 (Thorold Stone Rd) ext east of Stanley Ave	4,000,000	515,545	3,484,455	300,000	3,184,455	2013
Reconst RR 81 (St Paul St), Nineth St to Seventh St	6,419,893	536,514	5,883,379	1,600,000	4,283,379	2013
Reconst RR 89 (Glendale Ave), CNR - Canal Pkwy, Ph 2, SC	6,340,000	3,123,498	3,216,502	1,000,000	2,216,502	2013
Rehab RR 69(Pelham Rd), First St to Effingham Rd	2,318,587	644,147	1,674,440	1,475,000	199,440	2012
Replacement of Burgoyne Bridge	5,340,000	1,319,620	4,020,380	2,000,000	2,020,380	2015
Roads Resurfacing Program	5,487,334	4,364,038	1,123,296	500,000	623,296	2012
Struc Rehab-MTO Cost Sharing (QEW through SC)	4,200,000	-	4,200,000	4,200,000	-	2012
	82,709,334	**19,681,069**	**63,028,265**	**35,276,662**	**27,751,663**	
Waste Management						
2011 Green Retrofit Project, Recycling Centre	1,455,000	-	1,455,000	200,000	1,255,000	2013
Facility Improvements, Recycling Centre	3,041,532	898,378	2,143,154	350,000	1,793,154	2013
Landfill Gas Coll System, Humberstone LF	2,290,000	187,218	2,102,782	400,000	1,702,782	2013
Leachate Coll System Upgrades, Mountain Road LF	1,510,000	112,765	1,397,235	400,000	997,235	2013
	8,296,532	**1,198,361**	**7,098,171**	**1,350,000**	**5,748,171**	
Wastewater						
2012 Pump Station Improvement Prg	5,600,000	-	5,600,000	250,000	5,350,000	2014
Anger Ave WWTP Upgrade-Ph 2	1,500,000	178	1,499,822	-	1,499,822	2018
Anger Ave WWTP Upgrades	10,000,000	1,958,450	8,041,550	4,500,000	3,541,550	2013
Cross Contry Sewer Project	2,250,000	319,563	1,930,437	1,700,000	230,437	2012
Crystal Beach WWTP Upgrade Ph 2	8,000,000	1,499,319	6,500,681	2,500,000	4,000,681	2012

Capital Project Detail (cont'd)

Departments and Boards — Project Description	Total Budget	Project-to-Date Actuals	Budget Remaining	Cashflows 2012	Cashflows Beyond 2012	Expected Year of Completion
Projects with remaining budgets greater than $1M						
CSO Thorold	3,338,320	2,324,608	1,013,712	-	1,013,712	2013
Dominion Rd Forcemain Replacement	1,182,432	27,175	1,155,257	1,141,000	14,257	2013
Dominion Road Pump Station Upgrade	7,670,000	665,512	7,004,488	1,400,000	5,604,488	2013
Kalar Road Pump Station Upgrade	1,424,890	69,403	1,355,487	1,050,000	305,487	2013
Murray Street Sewer Rehab	2,230,500	260,212	1,970,288	1,050,000	920,288	2012
NOTL WWTP Capacity Expansion	3,781,800	1,036,846	2,744,954	300,000	2,444,954	2017
Port Weller WWTP - bar screen and alum tank upgrade	1,725,000	90,661	1,634,339	300,000	1,334,339	2014
PS Capacity Expansion Prg-Smithville upgrade Ph 1	10,000,000	-	10,000,000	450,000	9,550,000	2014
Sewer & Forcemain Prg-Park Rd Sewer Repl	5,000,000	-	5,000,000	400,000	4,600,000	2014
Welland HRT Flow Monitoring	2,120,000	484,565	1,635,435	250,000	1,385,435	2019
Welland WWTP Upgrade Program	2,500,000	799,809	1,700,191	50,000	1,650,191	2016
	58,322,942	**9,536,301**	**58,786,641**	**15,341,000**	**43,445,641**	
Water						
Decew WTP Upgrade based on age/cond	14,000,000	113,484	13,886,516	300,000	13,586,516	2014
Electrical & Mechanical Upgrades Niagara Falls WTP	1,200,000	31,419	1,168,581	650,000	518,581	2012
Grimsby WTP Brick Replacement	1,500,000	57,053	1,442,947	300,000	1,142,947	2013
Hixon Reservoir Upgrade	2,000,000	50,840	1,949,160	1,200,000	749,160	2013
Loop Trunk System, Eastchester Ave to Roehampton St	1,600,000	8,035	1,591,965	-	1,591,965	2013
New Trunk Watermains - Decew System	9,700,000	1,297	9,698,703	350,000	9,348,703	2014
Niagara Falls WTP Structure Upgrades - Settling Tanks	7,000,000	421,639	6,578,361	3,500,000	3,078,361	2013
Repair & Painting Lundy's Lane Elevated Tank	1,200,000	-	1,200,000	100,000	1,100,000	2014
Trunk Watermains on Ontario St / Welland Ave	8,618,480	7,182,096	1,436,384	1,436,384	0	2012
Twin 600mm Watermain, Riverview Blvd/Glenridge Ave	8,650,000	516,522	8,133,478	4,900,000	3,233,478	2013
Welland WTP Upgrade (Revised)	2,105,903	350,477	1,755,426	200,000	1,555,426	2015
	57,574,383	**8,732,862**	**48,841,521**	**12,936,384**	**35,905,137**	
Projects with remaining budgets greater than $1M Total	**362,946,369**	**60,553,826**	**302,392,543**	**91,676,881**	**210,715,662**	

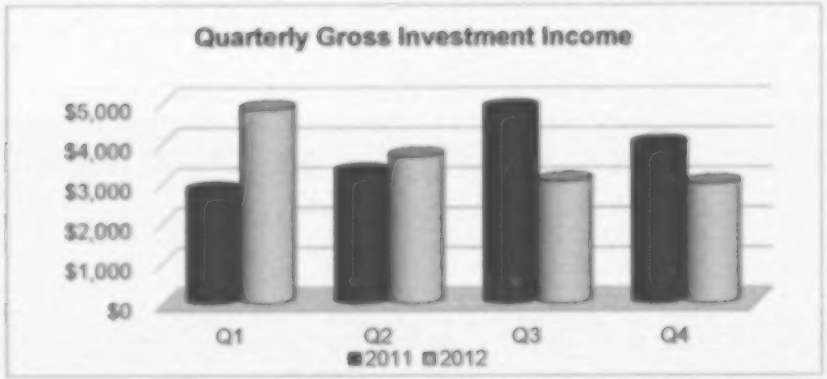
Capital Project Negative Budget Variances

The Capital Asset Management Policy requires monitoring capital projects to identify projects for which a funding deficit has occurred and provides guidelines for addressing those deficits. Criteria used to identify significant variances are those greater than $5,000 and 5 percent over total budget at a parent project level. The policy also requires that projects be put on hold where they have been reported two times consecutively until such time as a funding source has been identified.

Project Description	Total Budget	Project-to-Date Actuals	Variance	
			$	%
Public Works - Levy				
ZRC0527 - Reconstruction RR 73 (Fly Rd), Tintern Rd to Spiece Rd	$ 3,622,121	$ 3,899,300	$ (277,179)	7.65%
Explanation: Additional costs incurred were related to the disposal of surplus soil and property acquisitions. It should be noted that RC0527 under the same parent project was closed, and is no longer reflected in the budget, with a surplus of $1.2 million to the capital variance reserves in 2011. Note: This project variance has been reported previously and as per the Capital Asset Management Policy is currently on hold.				
ZRC0636 - Rehabilitation Str on Old Hwy 8 @ Vineland Trail Culvert Replacement between Bartlett Aven / Vinehaven Trail	$ 220,000	$ 281,425	$ (61,425)	27.92%
Explanation: Additional contruction costs were incurred due to unknown site conditions and underground utility conflicts.				
ZRC1026 - Structure Rehabilitation Program	$ 200,000	$ 221,159	$ (21,159)	10.58%
Explanation: The cost overrun on this project is due to additional staff labour charges required to complete the 2010 Structural Rehabilitation Program and miscellaneous charges related to various engineering assignments which were included under Parent Project ZRC1026.				
Wastewater				
ZSW0607 - Stevensville Pump Station Upgrade	$ 620,000	$ 698,971	$ (78,971)	12.74%
Explanation: The contractor dealt with numerous events of wet weather flow during construction that were not included in original contract.				
Total	**$ 4,662,121**	**$ 5,100,855**	**$ (438,734)**	**9.41%**

Investment Report (in 000's)

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings by Security including Cash Balance
Investments		
Region of Niagara	27,455	7.4%
Federal	15,204	4.1%
Provincial	129,507	35.1%
Municipal	33,140	9.0%
Corporate	163,595	44.3%
TOTAL excluding Cash	368,901	100.0%
Cash (General Checking)	76,232	
Cash (Savings)	55,969	
TOTAL including Cash	501,102	



Funds	Book Value	Weight Q3
Cash	130,687	26.1%
Cash Equivalents < 1 Year	46,523	9.3%
2 Year	56,542	11.3%
3 Year	81,930	16.3%
4 Year	75,181	15.0%
5+ Year	107,211	21.4%
Sinking Fund	3,028	0.6%
Total Portfolio	501,102	100%

	Q1	Q2	Q3	Q4	Total
2011 Actuals (Gross)	2,819	3,281	4,870	3,973	14,943
2012 Budget (Gross)	3,081	3,081	3,081	3,082	12,325
2012 Budget (Net)	3,081	3,081	3,081	2,082	11,325
2012 Forecast (Gross)	4,846	3,672	3,056	2,987	14,561
2012 Forecast (Net)	4,281	3,672	3,056	987	11,996

Note: Net amounts are after interest allocation to reserve funds and recommended transfer to/from investment income stabilization reserve.

Investment Update

Investment earnings on the portfolio for the second quarter of 2012 amounted to $3,671,274. Segmented earnings were $3,200,324 on investments and $470,950 on the cash (general account) balance. The second quarter annualized yield on the investment and cash portfolio was 2.9 percent vs. 3.86 percent in the prior quarter. In the prior quarter certain portfolio repositioning occurred resulting in the realization of capital gains and higher experiences annualized yield. At June 30, 2012, the portfolio had unrealized market gains (market value vs. book value) of $10,768,785 vs. $8,997,631 in the first quarter.

Budget Adjustment Summary

Throughout the year, budget adjustments are made to reflect revised external funding for programs and to reallocate costs between departments or accounts due to operational changes. The primary driver of external funding adjustments is the Ministry funded programs because they set their budgets after the Region's budget is approved. However, the Ministries want to see these dollars reflected in the Region's budget. For this reason adjusting the gross budget throughout the year has been a long standing practice at the Niagara Region. Adjusting the gross budget has no impact on the levy as both external revenue and expenses are increased equally to reflect those program requirements. The net budget impacting levy and rate is not adjusted. Below is a summary of gross budget adjustments that have been processed to date. Reallocations of costs within departments or among categories are not summarized below. The adjusted budget is presented throughout this reporting book.

Original Budget Revenue & Expenditures		**$778,212,807**
Reclassification Adjustments (Items included as offsets to revenue in budget process but included as expenditures for actual funding and financial statement reporting).		
Interest allocation to reserves		**1,000,000**
Budget Adjustments (Adjustments to the original gross revenue & expenditure budget).		
Public Health	40,000	Branscombe Family Foundation Donation for Triple P Program
Public Health	43,311	Federal government one-time funding and expenses for Drug awareness program.
Public Health	(27,340)	Funding of pre-natal classes to program based grants versus external revenue.
Public Health	98,057	Public Health of Ontario funding and expenses for Parenting Styles in Ontario project (PHD 57-2011)
Public Health	66,384	Additional subsidy received for pay for performance adjustment.
Community Services	394,715	Additional funding for 6.3 new full-time Personal Support Workers from Hamilton Niagara Haldimand Brant LHIN (COM 41-2011)
Community Services	112,211	New IAH program funding for 2.5 positions over 3 years in NRH (COM 02-2012)
Community Services	55,000	Year End surplus transferred to reserves for Intensive community development (NRH 10-95-4.2 & CSD 61-2011)
Community Services	17,231	IAH funding for 0.6 part time staff for administration (COM 02-2012)
Community Services	178,142	LHIN funding for 2.2 staff for Adult Day Services expansion at Woodlands & enhancement with Niagara College (COM 36-2011)
Community Services	50,496	Additional subsidy received for pay for performance adjustment.
Corporate Services	(243,946)	Shared Services removal between NEDC & Region due to transition to department of Region.
Corporate Services	12,500	MFOA Internship Funding for student
Corporate Services	175,000	Emergency dispatch review funded from reserves (CSD 153-2011)
Integrated Community Planning	1,625,000	Cultural Capital of Canada Program (ICP 39-2012)
General Government	200,000	Set up base budget for RRIT funded from reserves (CAO 11-2011)
Emergency Services	14,425	MOHLTC additional funding and expenses for dedicated nurses to receive ambulance patients.
Emergency Services	560,104	MOHLTC funding for land ambulance to approved grant amount.
Emergency Services	19,000	MOHLTC additional funding and expenses for cell phone repairs
Emergency Services	13,111	Additional subsidy received for pay for performance adjustment.
		3,403,401
June 30, 2012 Adjusted Budget		**$782,616,208**

Explanation of Statement of Operations

The statements of operations provided in the preceding pages summarize the Niagara Region's financial operating activity as of June 30, 2012 and forecasts expected operating results to the end of the 2012 year. These statements have been compiled by Corporate Services and the departments have validated the information and provided forecasts and commentary.

These statements present the net funding position of the Niagara Region's operating budget and do not include Private Sector Accounting (PSA) adjustments for amortization, employee future benefits, and landfill liability. Approved and/or expected unbudgeted transfers to/from reserves and reserve funds can offset other variances and affect net surplus/deficit reported by departments. These statements do not include capital activity.

Certain assumptions and estimates are required to forecast results. The assumptions and estimates made have been done so with information available to management at the time of writing this quarterly financial update. Readers of these reports are cautioned that actual operating results may vary from the forecast information presented for 2012.

To better help users understand what is included in the report, below are some definitions.

Report Columns

Annual Budget - represents the annual budget approved by council in December 2011 with budget adjustments as explained on page 44.

Year To Date Budget - represents the portion of the annual budget expected to be realized from January through June.

Year To Date Actual - represents actual costs incurred and revenues earned from January to June. Departments have accrued for goods or services received but not yet paid for and revenues earned but not yet received.

Year To Date Variance - represents the difference between the year to date budget and the year to date actual. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Year To Go Forecast - represents the expected expenditures and revenues for the remainder of the year (July to December). Departments determined these forecasts based on their knowledge of current operations. As noted, actual operating results may vary from the forecasted information presented.

Annual Forecast - represents the year to date actual plus the year to go forecast. It is intended to project expected organization results at the end of the current year based on information available at June 30, 2012. As noted, actual operating results may vary from the forecasted information presented.

Annual Budget vs Forecast Variance - represents the difference between the annual budget and the annual forecast. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Explanation of Statement of Operations (cont'd)

Report Rows

EXPENDITURES

Personnel Costs - include all salaries, benefits, and personnel related allowances (meals, clothing, training, etc).

Administrative Expenses - include some allowances (car, mileage, etc.), memberships, training and related expenses and other miscellaneous expenses.

Materials, Supplies and Utilities - include costs for; chemical, medical and office supplies, small equipment, waste management supplies, and all utilities.

Repairs & Maintenance - include all costs to repair or maintain equipment, property and vehicles.

Purchased Services and Other Operating Expenses - include costs for audit, advertising, consulting, insurance, leases, contracted services, Provincial Offenses Act (POA) expenses and other expenses.

Social Assistance - costs include all Ontario Works allowances and benefits program costs.

Financial Expenditures - include all interest charges, principal debt payments, tax write-offs, and bad debt expense. The debt related charges included in this section get allocated to departments though the chargeback/recovery process.

Capital Equipment and Renovation - costs include all capital expenditures processed through the operating statement.

Interfunctional Charge/Recoveries - include all departmental chargebacks and recoveries for various services. Chargebacks and recoveries are recorded internally as a mechanism to reflect the full cost of each department. It is widely recognized within the organization that the current chargeback model does not achieve full cost accounting and as such Financial Management and Planning (FMP) has led a review of the current chargeback model that will be put in place effective January 1, 2013. For departments, interfunctional operating charges include insurance costs, rental costs, audit costs, WSIB costs, allocated salary costs, debt related costs, IT related costs, and many other interfunctional cost allocations. At a corporate level this will balance to interfunctional operating recoveries.

Niagara Regional Housing (NRH) Provider Subsidy and Supplements - include all rent supplements and the use of all housing related subsidies.

Explanation of Statement of Operations (cont'd)

Transfer to Reserves and Reserve Funds - include all transfers of funds in the current year from operating to a reserve or reserve fund. At a corporate level the net of the transfers to reserves and the transfers from reserves represents our total contribution to reserves or draw on reserves in the year.

External Recoveries - include all costs the Region recovers from outside boards and agencies or other external parties. It mainly includes debt charges recovered from area municipalities, school boards, and Niagara Peninsula Conservation Authority (NPCA).

Capital Recoveries - include all costs that are incurred in the operating statements but subsequently allocated to capital projects. It mainly includes personnel costs and project management fees allocated to capital projects.

REVENUES

Taxation – Levy - includes all revenues received from area municipalities including Payment-in-lieu (PIL) and supplemental. It also includes power dams revenue.

Taxation – Rate - includes all funds received to support water and wastewater operations.

Ontario/Canada Grants - include all funds received from the provincial and federal governments.

Fees and Services Charges - include child care fees, health fees, police fees (i.e. accident reports, etc), seniors homes fees (i.e. long term care accommodations fees), road fees, waste management fees (i.e. requisitions on local area municipalities) and other miscellaneous fees (i.e. zoning).

Other Revenue - includes investment income, POA revenue, recycling revenue, NRH revenue, and other revenue.

Transfers from Reserves & Reserve Funds - Transfers from reserves and reserve funds include all transfers of funds in the current year to operating from a reserve or reserve fund. At a corporate level the net of the transfers from reserves and the transfers to reserves represents our total contribution to reserves or draw on reserves in the year.